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THE ROUND TABLE

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NAVIES AND THE PACIFIC

THE late Lord Salisbury, who was Foreign Secretary and Prime Minister from 1895 to 1902, used to say "Never enter an international conference until you have reached a basis of agreement." He knew that the publicity that inevitably attaches to international conferences would immensely increase the evils of failure to agree, and that unless the statesmen could assure themselves beforehand, through the ordinary channels of diplomacy, that a basis of agreement was in sight, it was unlikely that the compromises necessary for an accord would be possible once they had taken up their positions in public. The truth of Lord Salisbury's aphorism has certainly been vindicated over and over again since the last war.

To the Salisbury doctrine, however, might well be added another, "Never enter a disarmament conference until you have first reached political agreement." For armaments are but the instruments of national policy, and unless there is agreement about policy there will certainly be no agreement about the instruments with which policy is made effective. The truth of this can be seen by contrasting the results of the Washington Naval Conference of 1921–22 with those of the World Disarmament Conference. The Washington Conference made a political settlement about the Pacific and the Far East, and a naval accord was then reached without much difficulty. No political agreement, however, was reached about the Mediterranean at the Washington Conference or about Europe at the World Disarmament Conference at Geneva, and in both cases the result was failure to agree about armaments also.

Navies and the Pacific

The success of the forthcoming naval conference wholly depends, in our view, on whether agreement can be reached about the underlying political problems. In this article, therefore, we propose to discuss in the first place the political issues; for the technical problems will largely solve themselves if there is agreement about policy.

I. The Washington Treaties

THE Washington naval agreement was based on three political agreements. The first was that there should be "parity" between the British and the American navies. The second was that arms and fortifications should be so limited that Japan, the United States and the British Commonwealth should each have "security" in its own waters. The third was that the territorial integrity of China and the "open door" there should be maintained. Let us consider each of these points in a little detail.

The only grave difficulty that has arisen between the United States and Great Britain has been over the "freedom of the seas." Naval power can be used only in two ways, to protect trade routes and to put economic pressure on the enemy by interrupting its trade with the rest of the world. From a period before the foundation of the United States, Great Britain, as the principal Power on the seas, had used her navy, to the utmost extent permitted by international law, to bring pressure on her enemies, especially Napoleon, by means of the blockade and its ancillary operations. The United States, as a commercial nation, had been—except during her own civil war when the North blockaded the South—the principal champion of the rights of neutrals as against belligerent interference with trade. During the world war the situation gradually became intolerable for the United States. In their struggle with Germany the allies steadily extended belligerent rights to conform to the conditions of the modern world,

against the constant protests of the United States, until the German submarine campaign against neutral trade forced her to abandon neutrality altogether and to enter the war on the allied side.

But although, after she became a belligerent, the United States adopted without hesitation all the methods of interfering with neutral trade that had previously been used by Great Britain, President Wilson and American opinion never forgot their experience during the early part of the war. The second of Wilson's fourteen peace points provided that there should be :—

> Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

Great Britain refused to discuss this question with Germany at the Peace Conference, though she declared her willingness to discuss it with the United States after the Conference was over. The Senate's rejection of the League of Nations made the attainment of the Wilsonian solution impossible. Accordingly, after the armistice, the United States resumed the gigantic naval building programme that she had suspended on her entry into the war, with the avowed purpose of giving herself a navy so predominant as to deter any belligerent from treating her trade, when she was a neutral, as it had been treated from 1914 to 1917. Just before the calling of the Washington Conference Great Britain and Japan both began to build in reply, and it was this incipient competition, coupled with the growing tension between Japan and the United States in the *Pacific and with the post war slump, that led to the calling* of the Conference.

The first political decision taken there was that Great Britain and the United States accepted parity with one another because they had no political quarrels ; that the size of battleships should be standardised at 35,000 tons

with 16 inch guns, and that their number should be reduced, by breaking up older vessels, to 15. The Conference failed, however, to reach agreement about the numbers of cruisers (though it was settled that their maximum size should be 10,000 tons armed with 8 inch guns), because there seemed to be no means of reconciling the cruiser needs of a single compact and almost self-contained country like the United States with the needs of a Commonwealth scattered over the five oceans and entirely dependent, as far as Great Britain was concerned, on keeping open the sea ways for its food supplies. This failure to determine the number of cruisers to be possessed by each country led, a few years later, to the abortive "Coolidge" naval conference at Geneva and in 1930 to the successful London Treaty, which prolonged the life and laid down rules for replacement of battleships and settled the cruiser question by allowing the United States rather more 10,000 ton cruisers than Great Britain, and Great Britain a rather larger total cruiser tonnage, so as to give her the number of small cruisers then needed for the protection of her trade routes.

The freedom-of-the-seas issue was shelved at the Washington Conference; but it was shelved mainly because the attitude of the United States on the subject of neutral rights had been changed by her own conduct after she had entered the war, and by the fact that she now had a navy as powerful as that of Great Britain.

The second main political agreement made at Washington in 1922 was that arms should be so limited as to give "security" to the three main naval Powers in the Pacific. This arrangement replaced the Anglo-Japanese Treaty of Alliance of 1902, whereby, if either Power were at war with more than one other Power, the other would come to its assistance; an alliance which had given security to both countries and stability in the Far East. The Anglo-Japanese alliance was renewed in 1905 in a modified form, and a clause was later added excluding the United

States from its scope. But after the end of the world war American opinion became convinced that in the event of an Americo-Japanese war over China, which at that time was regarded as a possibility, Great Britain would inevitably be drawn towards her ally and therefore against the United States. The United States Government made the ending of the alliance, and its replacement by a multilateral treaty directed against nobody, a condition of the suspension of its own building programme, and the Canadian Government insisted that agreement with the United States was the essential condition of its own support of a Pacific settlement. Accordingly, with the consent of Japan, the Anglo-Japanese alliance was brought to an end and was replaced by two other treaties. The first was a naval treaty whereby the ratio between the navies of Great Britain, the United States and Japan was settled at the figures 5 : 5 : 3, and Great Britain undertook not to fortify Hong Kong, the United States undertook not to fortify Hawaii, and Japan undertook not to fortify the ex-German islands she had acquired under mandate, and certain other islands in the north Pacific. This meant that none of these navies could, in effect, fight a fleet action with any of the others in the Pacific, because their bases were too far apart. It gave, therefore, security to Japan in the north-west Pacific, to the United States in the north-east Pacific, and to the British Commonwealth in the Indian Ocean and the south Pacific. The second treaty was the Nine Power Treaty between the United States, the British Commonwealth, Japan, China, France, Italy, the Netherlands, Belgium and Portugal, agreeing :—

1. To respect the sovereignty, the independence, and the territorial and administrative integrity of China ;

2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government ;

3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China ;

4. To refrain from taking advantage of conditions in China in order

to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action *inimical to the security* of such States.

At the same time Japan voluntarily agreed with China to restore the old German port of Kiaochow, which she had captured during the war, and the province of Shantung.

The *Washington treaties*, therefore, settled the Anglo-American and the Far Eastern problems by accepting, as basic political principles, naval parity between Great Britain and the United States, "security" for the three principal Powers in the Pacific, and the integrity of China and the "open door." Once these principles were accepted the completion of technical naval agreements was not very difficult, and the solidity of their foundation can be seen in the fact that the treaties have remained in force, despite some criticism on all sides, for nearly thirteen years.

II. A Changed World

BEFORE dealing, however, with the changes that have taken place in the Far East since the Washington treaties were signed, it is necessary to make a brief survey of the changes in the world as a whole; for the Pacific question is inseparably bound up with world problems.

The international world, for fifteen years after the great war, accepted the concepts that underlie the League of Nations. It was an age when, in theory at least, the nations accepted the thesis that all nations were members of a single family represented in the Assembly of the League, that they ought to settle their disputes by the pacific means provided in the Covenant, and that security should be assured by collective action against an aggressor rather than by great national armaments. The League idea, indeed, had been extended to the Pacific and the Far East by the Nine Power Treaty, to which reference has already been made, and by

the Four Power Treaty, also signed at Washington in 1922, whereby the United States, the British Empire, France and Japan undertook to hold a joint conference should a controversy develop, arising out of any Pacific question and involving their treaty rights, which could not be satisfactorily settled by diplomacy and was " likely to affect the harmonious accord now happily subsisting between them."

The authority of the League concept, however, was profoundly weakened by the refusal of the United States and Russia to join. It is now clear, moreover, that its authority largely rested on the facts that the victory of the allies had been so decisive as to prevent, except in Turkey, any effective opposition, and that the stability of the Versailles settlement in Europe was guaranteed by the overwhelming military preponderance of France and her allies.

It is quite plain to-day that—however much they may value the League as a centre for international conference—the nations have very little confidence that it can guarantee their own security. The security system contemplated under the Covenant has broken down, partly because the abstention of the United States has undermined the efficacy of the collective sanctions provided under Article 16, partly because the rise of Nazi Germany has alarmed the whole world about the policy she would adopt if she had equality in armaments, partly because France has been unwilling to give " equality " in armaments to Germany without collective guarantees equal in military value to the arms preponderance that she would surrender, and partly because Japan threw over League principles and the Nine Power Treaty with impunity when she set up the State of Manchukuo and left the League. Neither in Europe nor in the Far East is there any confidence that all nations, or even the majority of the great civilised Powers, will live up to the principles and obligations on which the League of Nations rests, and therefore that if an aggressor State resorts to war its

victims can rely upon collective action rather than upon their own national armaments for protection.

The inevitable result of these political uncertainties has been the atrophy, if not the breakdown, of the Disarmament Conference. As we have already pointed out, it is the lesson of history that political agreements must precede disarmament agreements, and as it has been impossible hitherto to arrive at a political agreement between France and Germany, or in the Far East, or for really effective collective security, the Disarmament Conference itself has so far failed. There have been two important consequences of this failure. The first has been that, as the re-arming of Germany and Japan has become apparent, almost all Powers have begun to consider their own security in terms of their own armaments and therefore to re-equip and extend those armaments. The re-armament in France, Italy, Russia, the United States and now in Great Britain, which has been the last of the great nations to act, has been very considerable.*

The second consequence has been a re-definition of the attitude of Great Britain to Europe. This was contained in a speech by the Foreign Secretary, Sir John Simon, in the House of Commons on July 13. The essence of that speech was his statement that in approving the Franco-Russian proposal for an "Eastern Locarno," based on the same mutual principles as the Locarno treaties of 1925, Great Britain was entering into no new commitments.

> I wish (said Sir John) to repeat it again most plainly and bluntly to the House and the country. We have made it entirely plain from the beginning, whatever may be the interest or encouragement which this country may be prepared to offer to this new pact, we are not undertaking any new obligation at all. That is quite clearly and definitely understood, and there is no possible question or challenge about it.

Sir John further went on to make a special reference to Belgium.

* See p. 863.

Of course (he said) the integrity of the territory of Belgium is no less vital to the interests and safety of this country to-day than it has been in times past. This is a geographical fact which nothing can change. Indeed, changed conditions, especially in connection with the air, have not altered that historic fact at all. They have only served to emphasise it. That is the point of view of our own national security. But here again it is the mutual character of the original agreement signed at Locarno, dealing among other things with the frontier between Belgium and Germany, which constitutes its essential feature and makes it so valuable a guarantee of European security as a whole.

This speech, coupled with M. Barthou's negotiations in eastern Europe and with the apparent intention of Russia to join the League of Nations in September, establishes that differentiation between the world collective system and the primary security system of Europe for which we have often pleaded in these pages. France has long and not unnaturally sought to identify the League of Nations with her own military arrangements for the enforcement of the Treaty of Versailles. This review has frequently expressed the opinion that there was no hope of re-creating the true world League, as originally conceived, so long as the League was identified with the internal politics of Europe or the Treaties of Trianon or Versailles. It has also expressed the view that, while under the Locarno treaties Great Britain had undertaken a special commitment in her own interest for the preservation of the western frontiers (corresponding to the pre-war guarantee to Belgium), her place was in the world system rather than the European system; and that the countries of Europe would never contrive their own security system—parallel to the system of the British Commonwealth, or the Pan-American Union and the Monroe doctrine, or the Washington treaties in the Pacific—so long as there was any hope of getting Great Britain to underwrite the security of Europe for them. That this view has been sound seems now to be proved by the fact that France, Italy, Russia and the members of the Little Entente are now coming together in order

to ensure by appropriate military arrangements that the European treaty settlements shall not be upset by force, but only by consent arrived at by the collective machinery centred at Geneva.

That does not mean, of course, that Great Britain or the British Commonwealth or any of the other signatories of the Kellogg Pact can disinterest themselves in European questions. War or the threat of war anywhere is their vital concern. But it means that "security" in Europe, in the shape of automatic regional military arrangements that can be put into operation at a few hours' notice, is now recognised to be primarily Europe's own concern. The importance of this development lies in the fact that, inasmuch as Great Britain is in any case not equipped to take part in military sanctions, it sets her free to take the lead in organising those world economic sanctions, based on sea power, which are the essential basis for any world collective system.

III. Upheaval in the Far East

LET us now consider events in the Far East since the Washington treaties. In the last dozen years two major changes have come about. The first is that China has taken far longer to organise a stable government than was, perhaps, assumed in 1922. Things are better in China than they were a few years ago, but the authority of the Nanking Government in many provinces is still very weak. The second has been the triumph of the militarist party in Japan over the older liberal and constitutional parties. That triumph began with the Mukden *putsch* in September, 1931, and has led by inexorable logic to the conquest of Manchukuo, its establishment as a State under Japanese control independent of China, and finally to the withdrawal of Japan from the League.

Upheaval in the Far East

It is not the purpose of this article to estimate the rights or wrongs of the Manchukuo episode. There is much to be said on both sides. The root of the trouble was a dualism in Manchuria which, as the Lytton Commission pointed out, could not continue. If the League of Nations had been invoked two years earlier the Lytton proposals might have been adopted. The serious part of the affair was the way in which the change from an impossible situation was made. Japan, under the impulsion of the military clique, ignoring her obligations under the Four and Nine Power Treaties and under the Covenant, took the law into her own hands, thereby compromising her own honour and giving a fateful blow to prospects of making a success of the League system—that is to say to the hope of substituting a pacific for a warlike method of bringing about international political changes.

On the other hand, the Manchukuo affair has given mankind a useful object lesson in the practical realities that must underlie the collective system, especially in the field of sanctions. It is now clear that the economic and other "sanctions" contemplated under Article 16 are illusory guarantees, at any rate against a great Power, unless the whole of the rest of the world or at least all the other great Powers concerned are willing to put them in force, and unless when they do put them into force they are prepared to see them through, if necessary, to the point of war. Sanctions, if they mean anything, mean the coercion of a sovereign State by force, in the interests of peace or international justice. The fact that sanctions have to be applied implies that the State in question will only yield to necessity. It will yield only if it is convinced that the force it may have to encounter is irresistible and will be used, if necessary, to the limit. As Mr. Baldwin said in the House of Commons on May 18,

> There is no such thing as a sanction that will work that does not mean war; or, in other words, if you are going to adopt a sanction you must be prepared for war.

Japan, driven as she thought by the necessities of the local situation, became convinced that the League Powers and the United States would not resort to coercion to prevent her occupying Manchuria. Japan's judgment on the point was proved correct ; the collective system in the Far East was shown to be impotent to protect China or prevent the establishment of Manchukuo against a Power which in the last resort was apparently prepared to carry through its policy by force against any opposition. The only condition that might have produced different results would have been a readiness on the part of the United States and Great Britain, backed by the other principal members of the League, to insist (if need be by force of arms) on the settlement of the question by the pacific procedure provided by the treaties. But there was no such readiness, so far as can be judged, anywhere, even in the United States ; and the facts that the President could not commit the country to warlike action save with the consent of the Senate, and that the United States was the only country that could exercise effective coercive power in the Pacific, made the rest of the world and especially Great Britain hesitate to take the lead in applying sanctions.

Have these events destroyed the political basis of the Washington treaties ? They have certainly destroyed the stipulated integrity of China so far as Manchukuo is concerned. They have led Japan to abjure the principles of the League, and to withdraw from its membership. Have they made Japan abandon her support of the "security" arrangements of the Washington treaties and of the integrity of China (apart from Manchukuo) and of the "open door" there ? That is the vital question.

Japan, it seems, has now based her economic future broadly on turning the raw materials of Manchukuo into manufactured articles in Japan and selling them in the immense potential market of China. As an economic system nobody has any objection to this, provided it does not carry with it the establishment of political control in

China itself, or the nullification of the principle of the "open door" for the trade and commerce of all foreign nations on equal terms. But does the success of the military party imply that Japan means to give effect to the unofficial programme that was recently outlined for establishing political control over China proper and for giving herself exclusive commercial privileges there, and that she means also to challenge the right of the United States and the British Empire to "security" in their own zones in the Pacific?

The onus of decision rests on Japan. The United States and the British Empire are willing and anxious to abide by the entirely sound political ideals underlying the Washington treaties. They cannot give official approval to the separation of Manchukuo from China, except with the consent of China itself, but it is now clear that they are not going to take action about it. But does Japan, apart from the Manchukuo question, stand by the principles of the Washington treaties or not? If so, naval agreement will be easy. If not, it will be impossible.

The problem falls into two halves. First of all there is the security question. Obviously neither the United States nor the British Empire is going to agree to a naval ratio that will enable Japan to attack Hawaii or Singapore with any prospect of success. Neither Hawaii nor Singapore in any way menaces Japan. With her existing ratio and the non-fortification of Hong Kong and the Pacific, she is complete mistress in Far Eastern waters. As the Manchukuo incident showed, she has full security already. The 5:5:3 ratio is quite misleading as a formula. The figures by themselves make it look as if Japan had an inferiority in the Pacific. The truth is that it gives her superiority in Far Eastern waters. It is quite impossible for Great Britain to maintain more than a small part of her fleet in the Pacific, for she has neither adequate bases nor can she leave her home waters unprotected. Moreover, Singapore is 3,000 miles from Japan. It is equally impossible

for the United States to denude the Atlantic altogether, and Hawaii is also over 3,000 miles from Japan. On the other hand, the whole of Japan's power is in the Pacific. The Washington ratio gives each supremacy in its own zone, and in the debatable area in the mid-Pacific the ratio is not 5 : 5 : 3, for the United States, the British Empire and Japan, but something like 4 : 2 : 3. If, therefore, Japan seeks to increase her ratio in terms of striking power at a distance, the only answer is for Great Britain and the United States each to lay down two ships to one against her.

The second half of the problem, namely the China question, is more difficult. It is probably true to-day that public opinion in the United States and the British Empire would not regard the integrity of China as a *casus belli*, as they would regard a challenge to Hawaii or Singapore. China was given a wonderful chance in 1922, and has not made a great deal of it. Primarily every nation must stand on its own legs. On the other hand, the Anglo-Japanese alliance was based on the principle of the integrity of China, and any attempt to establish political control over China and to close the open door would be a further breach of the treaties and of the collective system—a state of affairs which would certainly arouse strong feeling everywhere and might lead to an effort to mobilise the rest of the world into taking some kind of collective action. It would seem to be the wise policy for Japan to continue to accept the Washington principles. The fundamental position of Japan, if she carries her expansionist policy too far, is not strong. No nation can easily maintain the largest army, the largest navy and the largest air force in the Far East, and at the same time challenge the antagonism of Russia, the hostility of a great part of China, and pressure from the United States, Great Britain and the other signatories of the Nine Power Treaty. On the other hand, the Washington treaties give her ample security for the future. Nobody questions that Japan has a special position in the Far East,

and her costs of manufacture to-day are so low that without any preference at all she can probably undersell the West in China in the goods on which she specialises.

There does not, therefore, seem to be any serious reason why a political agreement should not be reached, reaffirming for a further period the three basic principles of security, the integrity of China and the open door. If so, there need be no real difficulty about arriving at a naval agreement covering ratios, replacement, "tonnage and gunnage" in the Pacific. Such an accord would save all three Powers from a gigantic expenditure in new and competitive vessels, and would make possible the continuance of those friendly relations between the United States, Japan and the British Empire which alone can ensure peace in the Pacific.

IV. The Freedom of the Seas

THE Far Eastern question, however, is not the only issue involved in the forthcoming naval negotiations. There is also the Anglo-American question. There is no desire on either side of the Atlantic to depart from the principle of "parity," accepted in 1922, difficult as the adjustment of cruiser ratios may be between countries so differently situated as the scattered British Commonwealth of Nations and the compact United States. But the situation has none the less changed since the treaties of 1922 and 1930 were signed. At both these dates there was still no serious risk of war between any of the great Powers. Germany was disarmed; Japan was still faithful to the Shidehara policy. But to-day it is different. There is risk of war in Europe, and there is risk of war in the Far East. The risks may not be very imminent, but they are there. The British Cabinet has been forced to abandon its old instruction to the fighting services that they could base their plans on the assumption that Great Britain would be engaged in no major war for the next ten years.

This fact of the renewed risk of war introduces a new element into Anglo-American relations. There is no dispute of any serious kind between the United States and Great Britain (save the minor vexation of the war debts), but if either country becomes involved in war or in economic sanctions while the other remains at peace, there immediately arises the dangerous issue, concerning interference with neutral trade, that is represented by the words "the freedom of the seas." It is this issue which on three occasions has brought Great Britain and the United States to war (1812) or to the verge of war, in 1863 over the *Trent* affair, and between 1914 and 1917.

It is the policy of the United States, as Mr. Norman Davis officially declared at Geneva recently, "to keep out of war." But she can only do this with any real prospect of success so long as Great Britain keeps out of war. As Mr. Walter Lippmann has put it, experience shows that the United States can keep out of local wars, but that she cannot keep out of world wars. What is a world war? Any war in which Great Britain is involved with another great Power. And it is now true also in reverse, for if the United States were to become involved in war in the Far East while Great Britain was at peace, and began to interrupt British trade, the same dangerous issue would arise.

The fact, therefore, that there is once more risk of war in the world means that agreement on "parity" no longer suffices. It is necessary to consider how we are to deal with the situation that will arise if either country becomes involved in war or in economic sanctions when the other is neutral. It is no remedy for either to try to outbuild the other; for the problem does not arise from the ratio between fleets, but from the necessities of naval blockade. On the other hand, it is not a situation that can be allowed to drift either in Washington or London, for the possibilities are too dangerous. Another war in Europe or the Far East might not end civilisation. But a quarrel between the two

leading democratic nations in the world would be a blow from which civilisation would not easily recover.

The key to the solution seems to us to lie in the Kellogg Pact. All the signatories of that Pact, including the United States, have renounced war as an instrument of national policy. In August, 1932, Mr. Stimson, then Secretary of State, interpreted the Pact as meaning, not only that any war in violation of the Pact must necessarily be a matter of concern to the United States, but that it was difficult to see how any signatory of the Kellogg Pact could be " neutral " over a breach of the Pact or could claim the right to trade with a violator, as against those who were defending themselves or taking sanctions against him. This position has been more formally recognised in the declaration made by Mr. Norman Davis at Geneva in May, 1933, on behalf of President Roosevelt, though there is some doubt about the attitude of the Senate towards it. The declaration reads as follows :—

> We are ready not only to do our part towards the substantive reduction of armaments but, if this is effected by general international agreement, we are also prepared to contribute in other ways to the organisation of peace. In particular, we are willing to consult the other States in case of a threat to peace, with a view to averting conflict. Further than that, in the event that the States, in conference, determine that a State has been guilty of a breach of the peace in violation of its international obligations and take measures against the violator, then, if we concur in the judgment rendered as to the responsible and guilty party, we will refrain from any action tending to defeat such collective effort which these States may thus make to restore peace.

The obligations of members of the League of Nations go somewhat further, because they are committed to taking economic sanctions against any nation that resorts to war without having first attempted to solve the dispute by the procedure for the pacific settlement of international disputes laid down in the Covenant. In both cases the practical difficulty is likely to be to decide which is the violator of the Pact or Covenant when war breaks out.

None the less, the central fact to-day is that the United States and the British Commonwealth are under similar obligations to regard war or a threat of war, not as a lawful incident in international life with which they have no right to interfere, but as a violation of the *pax mundi*. If, in such circumstances, they can agree who is the violator of the Covenant or the Kellogg Pact, it can hardly be morally possible for either of them to supply munitions of war—a term which now covers foodstuffs and most raw materials as well as finished products—to the violator to assist him in his aggression. They might deny him this help by an embargo on exports to the aggressor. Or they might do so by a collective blockade, to prevent all trade with the rest of the world, as is contemplated under Article 16 of the Covenant. The Kellogg Pact, therefore, is in itself an immense security against the development of a local war into an Anglo-American crisis over the "freedom of the seas," and makes it far more likely that in the event of a crisis threatening war the British Empire and the United States will be able to exert a common and therefore a far more powerful influence in favour of peace or against aggression. The practical difference in future is likely to be that the United States will tend to put an embargo against both belligerents, and to be reluctant to distinguish between aggressor and "aggressed," while Great Britain will feel that, if local security arrangements are not sufficient to repel an aggressor, the world ought to use economic sanctions to compel him to give way. But that is a far less dangerous difference than the old issue about the freedom of the seas.

V. The Naval Issues

WHAT is the bearing of these political considerations on the technical naval problem? The technical problem falls into two parts. The first concerns the size of the ships. If there is no political agreement and

every nation drifts back into basing its own security on its own power alone, the cost of competitive building will be terrific. Under the Washington treaties Great Britain and the United States are limited to 15 battleships of 35,000 tons armed with 16 inch guns. These ships, which are nearly worn out and whose life has already been prolonged, will shortly have to be replaced. They cost between £5,000,000 and £7,000,000 each. Replacement alone, therefore, means a capital outlay of between £75,000,000 and £100,000,000 for each of the two Powers. To modernise the rest of the fleet with ships of the existing size would probably cost as much again. Competitive building would add immensely to these huge costs. There is everything, therefore, to be said from the economic point of view alone, not only for avoiding competition, but for reducing the size of these gigantic fleets, so that the battleships may be limited to the minimum size necessary to enable them to deal decisively with cruisers, and the cruisers themselves may be reduced to the size necessary to deal with the armed merchantman and to cover the necessary distances between naval bases at sea.

The second aspect concerns the ratios between the various Powers. At the Washington and London conferences no agreement was possible with Italy and France, partly because they would not formally accept the proposed ratio of inferiority with Great Britain and the United States, and partly because France would not concede Italy equality on the score that paper equality would have meant Italian superiority in the Mediterranean and danger to French communications with Africa. The difficulty between Great Britain and the United States, as already pointed out, relates principally to cruiser ratios. Great Britain declares that, in a world in which there is once more a risk of war, she needs 70 cruisers as the minimum with which she can protect the vital communications and food supplies of the Empire. The United States, having no such essential overseas communications or bases, wants the cruiser tonnage

quota fixed far lower, and wants to use whatever cruiser tonnage may be agreed mainly for 10,000-ton cruisers, which suit her needs best, but which would give her battle superiority and so destroy in the eyes of the British Admiralty the principle of "parity." The Pacific aspect of the problem has already been discussed. There is also the German claim.

As experience at conference after conference has shown, these riddles cannot be solved on technical lines. The only real solution is the kind of political agreement already suggested for the Pacific, a Franco-Italian agreement, an Eastern Locarno, and an agreement between the United States and the British Commonwealth to the effect that, while standing outside the European regional security system, they will consult together under the Kellogg Pact whenever a crisis threatening war arises anywhere. Then, and only then, will the infinite complexities involved in naval security for all become disentangled. Moreover, the question of the ratio between France, Italy and Germany will be easier to solve once it is understood that Anglo-American naval power is not to be used primarily as an instrument of national security alone but may be the ultimate reinforcement of world peace under the Kellogg Pact.

VI. The Commonwealth and Collective Security

THERE remains the vital question of the policy of the British Commonwealth towards these vital questions —a policy which it is to be hoped will be threshed out at an Imperial Conference to be held next year. Clearly British policy will be one thing if it has been formulated in agreement with the Dominions and if they have undertaken actively to support it, and another thing if it represents a purely British view backed by the resources of Great Britain alone. In no field is this fact clearer than in the Pacific. Great Britain may be able to take her own line

in Europe, but the policy she is to pursue in the Pacific must depend largely upon what view is taken by Canada, Australia and New Zealand, and upon what strength they are willing to organise in support of that policy. Even South Africa is concerned because her security also depends upon there being no hostile bases within the Indian Ocean.

The problem of Empire policy, in the new phase of international affairs that has arisen since risk of war has once more appeared in Europe and the Far East, falls into two main parts. The first concerns what may be called defence proper. The second concerns the collective system of maintaining peace. It may be that through the defection of further members the League of Nations will get even weaker, as a system for the security of its members, than it is to-day, and that the spirit represented by Nazi Germany and militarist Japan may extend. In that event defence will once more become a main pre-occupation of the nations of the British Commonwealth. Is each going to rely upon its own geographical position and its own armaments for security? Or are they going to enter into arrangements whereby they assure their own security by combining to assure the security of the Commonwealth as a whole? In our view the arguments for a collective defensive system are overwhelmingly strong. Speaking broadly, no unit of the Commonwealth can make itself secure by itself, and once the process begins it is inevitable that if a Dominion seeks to limit its commitment about Commonwealth security Great Britain will likewise limit her responsibility for the security of that Dominion. On the other hand the whole Commonwealth is safe from aggression, provided the integrity of France and Belgium under the Locarno treaties is maintained, provided the Singapore base is in working order and the Suez Canal is held, and provided there is friendly association with the United States and no serious difficulties arise with her over the "freedom of the seas." That is the regional security system of the British Commonwealth. But like

all security systems it depends on collective obligations. The major responsibility will still doubtless rest upon Great Britain, who alone is likely to possess a large navy. But the effectiveness of the system depends upon confidence that each nation of the Commonwealth will assume its proper share of responsibility and maintain in good condition the preparations necessary to enable it to discharge that responsibility. In the last issue of this review* was published an article showing how the development of air power has profoundly altered the problem of Imperial defence, and how the Dominion contribution towards a regional collective security system might now take the form of efficient air forces capable of being maintained at or proceeding rapidly to such places as Singapore. For this reason it is easier to arrange for Empire security to-day than it was before the war.

There remains the second aspect of Empire policy—its attitude to the collective system represented by the League of Nations and the Kellogg Pact. There is no doubt that the majority opinion in all parts of the Commonwealth since the armistice has pinned its hopes for the ending of war and the maintenance of national freedom on the League of Nations. It has recognised that the old method whereby each individual nation provided for its own security by its own defensive armaments spells competitive armaments, alliances and inevitable war; and that the only road to lasting security and peace is a collective system designed to secure the settlement of international disputes by pacific means to prevent war and to restrain the aggressor. Two conclusions, however, stand out from the League experience of the last fifteen years. The first is that security must primarily be organised, as M. Briand saw, on a regional basis, and that the attempts to identify the League with the local security of any region such as Europe will inevitably destroy any possibility of creating a world collective system which includes the United States.

* *See* The Round Table, No. 95, June 1934, pp. 490 *et seq.*

second is that no collective system will be effective is it can rely on its members to bring sanctions into to prevent violation, and that sanctions in the last t involve acceptance of liability to go to war, but for ternational as opposed to a national purpose. Other- would-be aggressors will feel that they can violate engagements with impunity (as Japan did in occupying churia without invoking the procedure of the Covenant e Four Power Treaty); disarmament will be impossible, ise every nation will feel that in practice it must rely s own armaments or alliances; and pacific procedure he settlement of disputes will have yielded once more e "power-politics" of the pre-war age.

ie practical issue, therefore, that now confronts the monwealth is how far its members are prepared to give rial as opposed to sentimental support to the world ctive system, on the assumption that Europe creates wn regional security arrangements and that Great in's only automatic commitment to action of a military in Europe is under the Locarno treaty and the Straits ention. Are the Dominions, for instance, as well as t Britain, prepared to sever economic relations with itate that is declared to have violated the Covenant or Kellogg Pact, and to maintain the forces capable of ig such sanctions effective, even if they lead to war igh the retaliation of the aggressor, provided other ns do so also? If they are, there is a good chance a centre of gravity will be created in the world, ding the United States, which will be a powerful ance both for pacific settlement and for security, and fore against a competition in armaments. If they ot, the system represented by the League and the gg Pact will gradually weaken and disappear, and the re will have to depend for its security on its own nents in an armed, competitive and combative world.

these questions are inextricably involved in the issues are due to come up for settlement at the naval con-

ference next year. If the nations of the Commonwealth cannot agree upon a common policy and upon the steps that each is to take to make it effective, and if the United States and the British Empire cannot agree about their Pacific policy and their attitude under the Kellogg Pact, then the deterioration in the international situation that began with the Manchurian episode is likely to continue, with grave peril to each and all of them, and the eventual certainty of war. But if they are prepared to face the issues fearlessly, and agree upon the measures necessary to make their policy effective, the English-speaking peoples or even the nations of the British Commonwealth alone can ensure that there can be no successful militarist intervention in that great oceanic zone in which liberty and democracy and the settlement of disputes by pacific methods are still the rule of life; and they will be able, in addition, to exercise under the Covenant and the Kellogg Pact a decisive influence for peace and fair dealing wherever war or aggression threatens the peace of the world.

THE BLACKSHIRTS

Socrates loquitur:

Then comes the famous request for a bodyguard, which is the device of all those who have got thus far in their career as dictators—" Let not the people's friend," as they say, " be lost to them." . . . But once he has overthrown his many rivals, this same friend is to be seen standing up in the chariot of the State with the reins in his hand, no longer leader but dictator absolute.

Plato, *Republic* (Ed. Steph. 566)

IN those carefree days before 1914, a young scholar of Balliol won the Gaisford prize for Greek prose with an admirably vivid and entertaining pastiche entitled "Herodotus at the Zoo." If in a sterner age the examiners are in search of a subject, they might care to consider "Plato at Olympia." For between that gathering of fascists and the experiences in the Greek world that helped to mould the political thought of Plato, the differences are superficial, the likeness fundamental. The glare of searchlights, the batteries of cinematograph cameras, the threadbare melodies of "Merrie England," even the bevy of *désœuvrées* Society maidens, are the exclusive possession of the twentieth century. But these are only the paraphernalia of propaganda, and every age has its own methods. What matters is the speaker's creed and the arguments with which he supports it: and there we revert to antiquity. There is the bodyguard recruited from professional bruisers, veterans from the wars and dreamy youths. There is the same appeal to the victims of economic misfortune, the old claim to protect them against an insidious

enemy, the "slimy financier"* or the "red hooligan,"* the familiar tirade against the incompetence and dishonesty of the leaders of every other political group and the inefficiency of the ruling political system, the same promise of a new heaven and a new earth. And, by way of interlude, short shrift, in the sacred name of freedom of speech, for all interrupters. Certainly Plato, descending suddenly on Olympia, might well have thought that Time had wrought little change in the minds of men or in their political philosophy.

Yet if he remained amongst us and by question and answer endeavoured to reveal every facet of the truth concerning our political life and the new movement that had entered it, he would find much to astonish him. He would observe that fascism was not an indigenous growth but, like the red hooligan, was "cast up on our shores." He would see here, as in Fascist Italy or Nazi Germany, the glorification of youth—"vital and determined youth" with its "dynamic urge"—combined with the idealisation of an earlier society long since perished. It would not escape him that the movement, in a nation so rich in political traditions as our own, was driven to seek its symbols of "the strength of unity" and its pattern of an ideal society not in its own national past but in the history of Imperial Rome. Nor could he fail to discover that this movement to subvert our political institutions, as the manifestation of a creed outworn, had come into being at a time when the general estimate of those institutions in the outside world had never stood so high.

The Platonic bewilderment at these discoveries is doubtless shared by many readers of The Round Table here and overseas. That is the justification for this attempt to examine the history of the fascist movement in England, the ideas that it advocates and the reasons for such success as it has achieved.

* These phrases, and most of the other quotations in the article, are taken from the speeches and writings of Sir Oswald Mosley.

The Blackshirts

I

THE British Union of Fascists was founded by Sir Oswald Mosley in 1932. It was not the first organisation in this country, nor is it even now the only one, to use the name Fascist. There are at least four such bodies, of which two were founded more than ten years ago, in the first glow of enthusiasm after the march on Rome. All these organisations wear the black shirt as a distinguishing uniform, and they are all, unlike their famous progenitor, anti-Jewish. They appear to have nothing else in common, except mutual incompatibility. The British Union of Fascists is not Sir Oswald Mosley's first experiment in the formation of an independent political group. It is rather the culmination of what for so young a man is a long and variegated career in politics. Sir Oswald Mosley first entered Parliament in 1918 as the Coalition Unionist member for Harrow. He was re-elected in 1922 as an Independent and in 1923 as an Independent pledged to general support of the Labour party. In 1924 he stood as official Labour candidate for the Ladywood division of Birmingham and was defeated, but he came back for Smethwick at a by-election in 1926 and again at the general election of 1929. In that year he entered the Government, and worked as assistant to Mr. George Lansbury in preparing plans for dealing with unemployment. A year later, finding timidity and conservatism where he had hoped for revolutionary activity, he resigned from the Government and the party and formed the New Party. His associates in that venture were the late Lady Cynthia Mosley, three former members of the Independent Labour party in Mr. John Strachey, Dr. Forgan and Mr. W. J. Brown (the Secretary of the Civil Service Clerical Association), and that eloquent advocate of all lost causes both in and out of Oxford, Mr. C. E. M. Joad. The New Party was inspired by the discovery that " dogmas and principles form

the bulwark behind which old men shelter themselves from the questioning of the young," but this did not save it from annihilation at the general election of 1931, in circumstances indeed in which no new party could have survived. Defections of the faithful and disruption of the party followed, and the experiment is now without interest except as the seed-bed in which some of the proposals of the British Union of Fascists were first propagated.

Sir Oswald Mosley brought to his fascist organisation both substantial assets and serious liabilities. He had youth, energy, courage, wealth and connections, an extensive political experience, considerable powers as a speaker, a flair for advertisement and the modern art of publicity. But his courage is not always distinguishable from effrontery, his changes of political allegiance have been ascribed (not only by censorious spirits) to an unstable judgment and a disappointed ambition, his eloquence is often that of the street corner, appealing to ignorance and prejudice rather than to reason. With all his knowledge of politics he has no administrative achievement behind him, and he affects a personal vindictiveness, which is as rare in our political history as it has been shown to be unprofitable, against politicians and parties whom he has abandoned. But any fascist movement needs a leader and by a kind of apotheosis must fashion for itself the image of his personality that is necessary for its spiritual comfort. Men cannot change their divinities as readily as they change their politics, and the British Union of Fascists will doubtless continue to bear witness to their faith by mass reiteration of the simple truth that M-O-S-L-E-Y spells Mosley.

To the heathen, ideas still mean more than personalities, and it is time to turn to the fascist programme. It may be divided into three parts. The first would contain the economic policy of the party, the second its proposals for rebuilding the structure of government, and the third its views on India, defence, the Empire and foreign affairs. Chronologically this whole body of doctrine has grown up

round a certain view of the economic troubles of this country and the method appropriate to overcome them. The remedy is one that Sir Oswald Mosley imbibed more than ten years ago from Mr. James Maxton and his other colleagues in the Independent Labour party, and he has adhered to it with a touching and indeed unique fidelity throughout that period. The fascist organisation of government and society begins as a device to facilitate and expedite the realisation of the Mosleian economic policy, and although it has been given the appearance of elaboration by a liberal use of Italian models, not even its author would be likely to claim that it has been thought out in detail. Finally, since any organisation aspiring to the name of a political party is expected to have some view on every political question, chapters on India, foreign policy and the rest have been added to the programme—less, it would seem, as an extension or interpretation of fascist principles than with an eye to their probable appeal to certain influential sections of opinion.

The key to fascist economics is the belief that " the power to produce has far outstripped the mechanism of distribution " and that in consequence " nothing but the rationalised State can hope to overcome the problem created by rationalised industry." We must in future look primarily to an extension of the home market by raising wages and salaries systematically over the whole field of industry. Admittedly our export trade and our income from foreign investments and services will suffer, but the loss will be more than compensated by greater internal prosperity. We shall need, of course, protection—not conservative but scientific protection, given only in return for definite conditions as to wages and prices. To determine those conditions and to fix the degree of protection required by any particular product we shall need commodity boards and a corporation for each industry. And then we shall have to co-ordinate the corporations, and for that we shall set up a planning council and a national corporation, which

will really be an industrial parliament responsible only to a Minister of Corporations.

The Minister himself will be a member of the other parliament, the political parliament. But he will be in no danger, as he is to-day under our irrational and haphazard constitution, of finding himself one among 615 members of that parliament, all by profession sugar-brokers, chosen for their mastery of the electioneering art. For members of Parliament will be elected by the corporations on a professional or industrial franchise, so that to deal with the predominantly technical problems of government in the twentieth century we shall have an assembly in which every form of technique is represented, not excluding the technique of motherhood. It is true that its opportunities of airing its technical qualifications will be limited, since it will meet only at intervals "to review the work of the Government," and the principal function of its members between such meetings will be to conduct the local government of the country in place of the present local authorities. If and when the electorate, accepting the view that "in an age of urgent change, we have no time for evolutionary process," give the fascist party a mandate to carry out this programme, it will not be open to serious dispute that we shall have become a "rationalised State."

Was it admiration for this experiment in the making of constitutions that moved Lord Rothermere to describe Sir Oswald Mosley as "perhaps the greatest political teacher we have produced in our history"? Or can it have been the discovery that on India and the colonies, on defence and foreign policy they were

> both warbling of one song, both in one key?

Nothing in the Leader's past suggested such a possibility. In 1928, as a member of the National Administrative Council of the Independent Labour party, he had been engaged in the drafting of resolutions for the International Congress in Brussels.

> The International reaffirms the right of India to self-government and self-determination. . . .
>
> The International declares that the time has come to end the system of Imperialism by which one race controls the destinies of another. . . .
>
> The International insists that, side by side with this policy to end political Imperialism, a policy must be pursued to end economic Imperialism.

In the same year, at the annual conference of the Labour party, he had spent his eloquence in support of a resolution of portentous length on world peace and disarmament. "The League of Nations," he assured his audience, "was the greatest instrument of national peace ever devised and ever agreed. That great instrument rested on three main pillars—arbitration, security and disarmament." It is difficult to account on subjective grounds for the conversion in so brief a span to views on these subjects so different as those of the spokesman of fascism. The League of Nations must now be reconstructed "in accord with the requirements of reality." It must be ruled by the great Powers and their fascist Governments. But pending the coming of the universal brotherhood of fascism, we must have an air force equal to the strongest in Europe. In our Indian Empire, there must be No Surrender, no truck with the White Paper, no pandering to the anachronistic passion for democracies and parliaments, but strong government, the open door for Lancashire and in the fulness of time perhaps even an oriental type of fascist institutions. For the colonies, systematic development by British capital and the total exclusion of foreign goods.

It will be apparent from this brief summary that the fascist programme might not unfairly be called eclectic. Something has been included for every palate, however jaded. It is not surprising, therefore, that the recruits to the movement should be drawn from all parties and from none. The small shopkeeper and the retired pensioner, both of them afraid of socialism because it is organised, sleep more soundly for the knowledge that they too form

part, for the first time, of an organisation. Young men and women are lulled by the novelty of the movement into forgetting the disillusionment and bitterness with which unemployment has infected for so many the early twenties. The simple soul who all his life has deplored the supineness and the dishonesty of the politicians, their wriggling and their intrigues, rallies to the cause of the strong man at bay, who is determined to solve his problems rather than to circumvent them. Others, with no liking for fascism and no wish for a dictatorship, have felt that in a fight with Crippsian Labour the Mosley organisation will come into its own.

But while these are types of fascist recruits, it is probable that the movement owes less to its programme than to its organised publicity. Neither money nor imagination has been stinted in that department, and with the modern apparatus of the talking film, wireless and press photography, competent propaganda, even in the political field, will inevitably show results. Whether those results will be permanent, in this age of ephemeral enthusiasms, may well be doubted.

For six brief but glorious months in this year, fascism and its Leader basked in the genial warmth of Lord Rothermere's friendship. His newspapers gave them space, printed their articles, rhapsodised over their meetings, illustrated the Leader in all the poses of an animated existence, extolled his creed as the only solvent of our troubles. *Hurrah for the Blackshirts*, from the pen of Lord Rothermere himself, sounded the keynote. Those limpid tones were not maintained in their full purity. Here and there a doubt crept in, a misapprehension had to be removed. The world needed to be assured that fascism was not aiming at a dictatorship, that it was not anti-Jewish. As time passed, the assurances became more frequent, more laboured; fascist news slipped over to a back page, and the connoisseur in these studies can have felt no surprise when at length the idyll was shattered by the publication of the letters in which Lord Rothermere

and Sir Oswald Mosley agreed to part. In tones of extreme gentility, resonant with mutual admiration, they revealed to the world that the Rothermere press was no longer to be in alliance with the fascist movement.

It is fair to assume that the alliance brought much gain to fascism and that its denunciation will bring much loss. Every effort had been made to turn it to account. Mr. A. W. Ivens, "O.C. Press Propaganda" in the fascist organisation, had sent a circular on January 16, marked "Strictly confidential and to be destroyed when read," to all his branch organisers and press secretaries, to direct their attention to the "stirring article by Viscount Rothermere" in the *Daily Mail* of the previous day and to instruct them to procure the writing of letters of approval to the editor of that paper. "Of course," said Mr. Ivens, "these letters supposedly are written by readers quite unconnected with the B.U.F.," and after this warning he ended with an exhortation to his officers to "put vim into this campaign." They appear to have responded nobly, but perhaps their letters were in the end overweighted by other letters from other users of the paper, who were neither connected with nor interested in fascism. However this may be, when the end came, Sir Oswald Mosley may well have been reminded of the words which he himself wrote in 1926 in the *New Leader* after his victory at Smethwick:—

> Smethwick has been the Waterloo of the Press Lords. They have used every weapon in their armoury and they have failed. On Sunday last Lord Rothermere sadly commented that Smethwick was the end of Democracy. He was wrong. Smethwick is the end of Pressocracy. . . . Smethwick proves that the majority of our population have ceased to believe a single word that they read in the Capitalist Press. . . . These Press Lords died self-slain.

II

IF fascism is to survive in England, it will have to convince a substantial body of the electors that its policy is both desirable and practicable and that its leaders are, as they themselves assert, better men than the "old gang

politicians." For this, something more will be needed than stunt publicity. But equally, something more will be needed to uproot fascism than the defection of Lord Rothermere. In the long run only argument will carry the electorate, and the one effective reply to an argument is to prove it unsound.

Now the doctrinal armour of fascism is vulnerable at every joint. Examine again for a moment the Mosleian economic theory. It rests on two assumptions, both unfounded. The first is that "science, invention, technique have recently increased the power to produce out of the range of all previous experience," that "the output of a man-hour or a man-day has increased to a colossal extent both here and abroad," and that in consequence "the industries of the world can to-day produce, without running at nearly their full pressure, far more than any conceivable effective demand of the present system can absorb." None of these statements could have been made by anyone who had seen the productive process steadily and seen it whole. Recent improvements in industrial technique are remarkable, but they are neither different in kind from nor greater in degree than those of earlier periods in the industrial age. While the productivity of labour has increased, the increase is not comparable with that which followed the first inventions of machinery. The exaggerations of Sir Oswald Mosley are only possible because he persists in regarding only the last stage in the production of consumers' goods, and takes no account of the elementary fact that the expenditure of capital and of running charges that enables labour to be saved in one process is itself nothing but the employment of other forms of labour. On the Mosleian theory, if a machine is introduced with which one man can make as many boots in a day as ten men previously made, we must assume that the productivity of labour has increased tenfold. If that were true, the problem whether to instal more automatic machinery, a problem with which every manufacturer is familiar, would

not be a matter of nice calculation to be decided usually on marginal differences; nor should we need, after the technical progress of the last hundred years, more than a fraction of the labour that in fact we require to reach the present level of production. The truth is that productivity over the whole field increases slowly, though steadily. Even in the United States of America, and even in the ten years before 1929, the average annual rate of increase in output per worker was less than 4 per cent. In the United Kingdom, on the figures that Sir Oswald Mosley himself quotes, it was little more than 2 per cent. It is to meet this that we are invited to turn the State upside down and to establish, in Coleridge's phrase, "a contemptible democratical oligarchy of glib economists."

The second false assumption proceeds from the first, and lies in the failure to understand the true relation between production and consumption. Production, so runs the argument, has outstripped consumption, and to redress the balance we must increase consuming power. In a world in which every nation sees in economic independence the highest good, we are masters only in our own house. Let us, therefore, increase the consuming power of our own population and create employment by raising the remuneration of all labour. Here is simply the old confusion between "consuming power" and what an economist has called "money spending power." To increase the "money spending power" of labour by raising wages can give no more than a temporary stimulus to production. In an organised society, just as with Crusoe on his desert island, production is not determined by consumption; on the contrary, the consuming power of this or any other nation is determined primarily by its production. If it produces more, it will be enabled to consume more; if it produces less, it will have to consume less. The improvement in the standard of living of our population during the last hundred years is only a reflection of the simultaneous increase in its production.

We have dealt more fully than it deserves with the Mosleian economic theory for the reason that it has been exploited on every occasion by the fascists as a device for drumming up recruits. But even if the theory were sound and the policy based on it were the only acceptable economic policy for the country, the new political system would still be neither plausible nor necessary. Its alleged justification is that democracy, as practised through our institutions, is dilatory and ineffective. Debate is interminable, decision infrequent, action unattainable. Therefore we need the corporative State to apply the new economic policy. Earlier in this article the main organs of the corporative State were enumerated. The mere recital of what it is proposed to substitute for an effete democracy is sufficient proof that the new order is either a sham or democracy raised to the *n*th power. If your commodity boards and your corporations and your industrial parliament and your political parliament are to mean anything at all, if they are not to be merely a convenient façade for the modern tyrant, they must make demands far transcending those of our present institutions on the ability of the nation to operate a democratic system. For what is democracy but an attempt by men of different opinions to work together for a common end? Every one of these fascist institutions is so constituted as to include men of different opinions, and those institutions taken together cover not only the sphere of political administration but a wide range of industrial activities in which the State to-day has no part.

Is it surprising that the irreverent have looked beyond and behind the corporative State and uttered the word "dictatorship"? Or, to use the language of the Leader himself, that "the old wives of politics should be trying to keep the nation in bed by whispering 'bogy, bogy'?" It is related that, at one of the many meetings of the National Farmers' Union that Sir Oswald Mosley has addressed, an old farmer said that he was tempted to give the new system

a trial but would like to know what would happen if it was found unsatisfactory. He explained that he was a dairy farmer, and many years ago had engaged a cowman on the strength of the man's own statements of what he could do. By bitter experience he had been driven to engage his cowmen by the week, so that he could sack them if they failed to live up to their claims. What was he to do if he voted for fascism and found his expectations disappointed? The Leader, feeling, no doubt, a certain embarrassment, assured him that there could be no question of failure. "That," retorted the farmer, "is what all my cowmen say."

III

IT will be objected, no doubt, that this criticism ignores the spiritual content of fascism, the promised transmutation of our common human clay by virtue of this new gospel into something rich and strange. We have forgotten that "the basis of the fascist idea is that Right is right," forgotten, too, that fascism "is the acceptance of new values and of a new morality in a higher and nobler conception of the universe." Has not the Leader told us that "the spirit lives; the rest will follow"? In other words, the same men and women who to-day flounder in the pettiness of an incompetent democracy will to-morrow direct with inspired unanimity the complex organism of the corporative State. It is a seductive prospect. Yet it fails to convince. For the plain citizen its attractions may be blurred by contemplation of this same spiritual transformation in other communities. Is it by casual omission or by design that in his catalogue of "the realities of liberty" the fascist leader has included neither freedom of speech nor freedom of thought or conscience? The remembrance of Dr. Goebbels may conceivably raise doubts whether the denial of freedom of speech and freedom of thought leads necessarily to unanimity of purpose. Corroboration may even be found for the view that divergent

opinions are not always a mark of decadence, that they are indeed inherent in human nature, and if their public expression is forbidden they will break out in subterranean intrigue. Better, perhaps, a cycle of democratic inconsequence than another glorious thirtieth of June.

"We invite Britain to do things in a different way," says the Blackshirt Leader. "We seek to create the Modern Movement in Britain in a form very different from continental forms, with characteristics which are peculiarly British and in a manner which will strive to avoid the excesses and the horrors of continental struggle." Yet he has begun as they have all begun, with Plato's "familiar device," the bodyguard, and the pretention to use private force for the public good. Of its essence, that is a claim in which there can be no monopoly, and the cohorts of one political group are soon found ranged against those of another. Then comes civil conflict, with the progressive degradation of human instincts, and in the end anarchy or the despotism of force. Man is nearer to the brutes than he cares to admit. If the Olympia rally served no other purpose, at least it imprinted that truth indelibly on the mind of every unprejudiced observer in the audience. The ethics of interruption at political meetings are not the issue, but the expediency of the licensed violence of political partisans. Sir Oswald Mosley is not the first demagogue in our history. But it would be difficult to find among his English forerunners in that art a parallel to the callous brutality of the comment made by this modern Cleon after the forcible ejection of a spectator who had asked an innocent question—

> If anyone else wishes to interrupt I would recommend him to do so now, since you can see for yourselves that as the evening draws on interruption becomes more painful.

Herr Julius Streicher, the High Priest of the anti-Semitic orgiasts, has proclaimed that "the baptism which the Mosley movement has already received in bloody battles in public halls and streets assures it a happy future." Men

attain happiness in divers ways, but it argues little faith in the political sense of the British people, and scant knowledge of its political past, to imagine that by such methods and such arguments as we have described fascism can win over to its cause a majority of the electorate. By the hard road of experience through successive generations this nation has assimilated the first principles of social and political wisdom. It has learned to judge its leaders less by their words than by their works, to distrust exaggeration and to treasure fairmindedness, to reconcile the claims of exuberant youth with the less flamboyant merits of maturer age, to hate the bully and to protect the underdog. Unresponsive to general ideas or new philosophies, it is an admirable judge of what is practicable. But above all it is accustomed to think for itself and freely to express its mind. These are characteristics confined to no one class of society, to no locality and to no single party, and in this lies the strength of our political system. When a people so nurtured looks out over Europe and sees what has been so admirably described by the Dramatic Critic of *The Times*:

> This is the whole lesson of the journey now ended: that the Rhine has become a rough frontier between two ways of life, mutually exclusive; to the West, to think for oneself is a virtue; to the East, if the violence sprung from an inferiority complex ultimately prevails over the surviving opposition, there will be created from Strasbourg to Vladivostok a prison of the mind —

when it sees this and when the other implications of the Blackshirt doctrine are made clear to it, this nation may be trusted to resolve that not only in Mr. Baldwin's sense shall the Rhine be the frontier of England and that the abiding place of fascism shall be sought beyond that frontier.

THE FUTURE OF COLONIAL TRUSTEESHIP

I. The Tradition of a Trust

THE term "trusteeship" is commonly used, often rather loosely, to denote the character of British rule over backward peoples. The idea of a political trust goes back to the days of Burke and the great emancipators, but, like so much else in British history, it long remained a principle or tradition unformulated in any document or expressed in any specific pledge. It was not till 1885 that the British Government, in conjunction with the other signatories of the Berlin Act, definitely undertook in one particular field—the British territories within the Congo basin in Africa—to watch over the preservation of the native tribes, and to care for the improvement of the conditions of their moral and material well-being. More recent, and of wider scope, are the formulas and pledges connected with the Covenant of the League of Nations. Article 23 includes an undertaking "to secure just treatment of the native inhabitants" of territories under its signatories' control. Article 22 declares that to the territories taken from the former German and Turkish Empires,

> which are inhabited by peoples not yet able to stand by themselves under the strenuous conditions of the modern world, there should be applied the principle that the well-being and development of such peoples form a sacred trust of civilisation.

And in accepting the mandate for Tanganyika, for example, the British Government pledged itself "to promote to the

utmost the material and moral well-being and the social progress of its inhabitants"; and *inter alia* "to respect the rights and safeguard the interests of the native population" with regard to land, and to "ensure to all nationals of States members of the League of Nations, on the same footing as to (its) own nationals . . . complete economic, commercial and industrial equality." The same or similar undertakings are involved in the other mandates.

The subscription of these formulas and pledges meant no departure from the British tradition. The mandate system, indeed, was regarded as the embodiment of that tradition. It was said by high officials, with experience of both fields, that the administration of a mandated territory was no different from that of a Crown colony. And on at least two occasions the identity in principle has been officially admitted. In the White Paper of 1923 on the position of Indians in Kenya (re-affirmed in the 1927 White Paper), His Majesty's Government recorded their opinion that

> The annexation of the East Africa Protectorate . . . in no way derogates from this fundamental conception of the duty of the Government to the native races. As in the Uganda Protectorate, so in the Kenya Colony, the principle of trusteeship for the natives, no less than in the mandated territory of Tanganyika, is unassailable.

And in his address to the Legislative Council in 1933 the Governor of Nigeria declared that

> in Nigeria proper, as in the mandated territory, our duty is gradually to train the people so that—whatever may be the generations or even centuries that it will take—they may ultimately be able to "stand by themselves," in the words of Article 22 of the Covenant.

Nor, of course, can the extension of the principle be confined to Africa. If the principles of trusteeship are right in Kenya and Nigeria, they are right in Malaya or the South Sea islands.

It is sometimes asserted that the theory of trusteeship is a masterpiece of hypocrisy, a cloak to cover the naked

selfishness of "economic imperialism." It is true, of course, that our occupation of tropical territories was never altruistic. We wanted new supplies of raw materials and new markets for our manufactures; and occupation was the only way to prevent these raw materials and markets from coming under the control of rival foreign Powers. But higher motives were honestly linked with the economic and political. The British humanitarian tradition is an historical fact. We did give a lead to the world a century ago in abolishing the slave trade and slavery; and more than once since then the extension of British rule has largely, and sometimes mainly, been determined by a genuine desire to protect the peoples concerned from those and kindred evils. Not that we have ever admitted that the economic development of the tropics is necessarily injurious to the welfare of the natives, that (to quote the famous jibe) "philanthropy and five per cent." are incompatible. Wilberforce urged that the expansion of "legitimate" trade was one of the surest methods of killing the slave trade. Livingstone linked commerce with Christianity as a means of fulfilling our duty to "civilise" Africa. And it is becoming more and more obvious in these days that the execution of a "trust" for the welfare of the natives, involving as it does the provision of costly public services for their physical and social advancement, depends for its efficiency on an adequate local revenue, which in turn depends on economic development.

The nature of our economic system before the war enabled us to assert a second claim. Most other colonial Powers, including the United States, maintained a privileged position for themselves in the commerce of their colonies. We, being free-traders, disclaimed all preference on principle. Foreigners were as free as British subjects to trade in British colonies. The products of foreign colonies competed openly with those of British colonies in the British market. British interests, it is true, enjoyed some indirect advantages from the fact of British rule, but the

value of these can be exaggerated, and the "open door" was genuinely open. And this could be pleaded as a sort of justification or excuse for the relatively large size of our colonial empire. "We develop it," said Mr. Joseph Chamberlain, "as trustees of civilisation for the commerce of the world"—a text which Lord Lugard cited, in his classical study of African administration, to illustrate his well-known doctrine of the "dual mandate"—half for the natives, half for the world.

It may be observed that, while in two of the three classes of mandated territories the "open door" has similarly been maintained, if not for the whole world, at least for the members of the League, and, by subsequent arrangement, for the United States, no reference is made in the Covenant to any such secondary trust. Now it would be plainly contrary to fact to suggest that the sole purpose and test of our policy in the tropical colonies is the interest and advancement of the natives; but there are very real dangers in giving to the term "trust" or "mandate" such a double application. For one thing, it is doubtful whether British public opinion was ever really interested in promoting world trade apart from the British share in it. We maintained the "open door" because we thought it paid us, economically and politically. For another, the second use of the term tends to blur and weaken the effect of the first. It ignores the possibility of conflict between the economic development of the tropics and the protection of the natives; whereas, of course, the danger of such a conflict is inherent in the colonial problem, and applies to the principle of trusteeship its severest test.

II. Cotton Quotas and Other Problems

THERE can be little doubt that the British people desire to maintain the principle of trusteeship. The public interest in the centenary of the abolition of slavery shows that we are still proud of our humanitarian tradition;

and to those who look ahead it seems clear that, even in relatively backward countries, the increasing stimulant of European contact and the steady growth of education will make it progressively harder to govern or to trade with peoples who believe that their interests are deliberately subordinated to those of the ruling Power. As regards principles and methods of government, our policy still accords, on the whole, with these ideas. Constitutional reforms in Ceylon and the West Indies, the development of indirect administration in tropical Africa, the scheme of decentralisation in Malaya, and the closer attention given to education—all this and much more is inspired by an honest desire to help the peoples concerned, sooner or later according to the varying standards of their past achievement and present capacity, to stand on their own feet. The only difference, indeed, from pre-war policy is a clearer realisation that, however long it may take to reach it, some kind of self-government is everywhere the ultimate goal.

But in the economic field there have been changes since the war. The revolution in our economic system at home was bound to affect our economic ideas about the Empire as a whole. Just as in the nineteenth century, after the downfall of protection, we attempted to impose free trade on our " white " colonies—and were only prevented by the powers of self-government they had already attained—so now the natural tendency is to bring our " black " and " brown " colonies within the new system of imperial preference. M. André Siegfried, one of the British Empire's friendliest critics, prophesied a few years ago that under the pressure of world economic forces we would try to refashion our tropical Empire into a closed economic area of the eighteenth century mercantilist type *; and that indeed is what some of our own imperial enthusiasts demand from time to time, in the belief that our economic problems can be solved by an exclusive "exploitation of our tropical estate." Nothing so drastic, of course, has yet

* *England's Crisis*, by André Siegfried. (Jonathan Cape. 1931.)

occurred, but one or two things have been done that point in that direction.

(1) *Ottawa Preferences*

Already at the close of the war the " open door " was no longer quite open. Differential duties were temporarily laid on the export of palm-kernels from West Africa in order to foster the manufacture of vegetable oil in this country at Germany's expense. Small preferences were also arranged between Great Britain and the West Indies and one or two other colonies. But it was not till the Ottawa Conference that the preferential principle was extended to cover almost every part of the Empire in which it was not ruled out, as it is for instance in the Congo basin, by the treaty rights of foreign Powers. The Colonial Secretary himself went to Ottawa to represent the colonies, and, speaking in the House of Commons on July 12 last, he claimed that the agreements he had secured there had not only benefited British and Dominion exporters to the colonies, but had also helped the native producers to fight the economic depression by widening and safeguarding their markets in Great Britain and the Dominions.

This article is not concerned with economic controversy nor with the effect on international relations of a closing or partial closing of the " open door." It must suffice for the moment to stress the fact that it is no longer open. There has been relatively little discussion of this aspect of the Ottawa policy; public opinion seems scarcely to have realised that, whatever its merits, it was a radical departure from pre-war principles, and that it differentiates the economic status of those colonies to which it has been applied from that of a mandated territory. We can no longer claim to be trustees for the commerce of the world. It should not be forgotten, moreover, that, while the Ottawa agreements between Great Britain and the Dominions were concluded between democratic governments representing their peoples, those affecting the colonies were concluded

by the Secretary of State on their behalf, and that, although he doubtless consulted their governments, he was in a position in most cases to put his decisions into effect, whatever local opinion might be. Only seven of the colonies are sufficiently advanced to possess legislative bodies that are not controlled by an official majority; and in one of those, Ceylon, where the new constitution has not yet secured political harmony, the State Council repudiated an important part of the preferential agreement.

(2) *Japanese Competition*

These points require still greater emphasis with regard to the recent imposition of anti-Japanese duties and quotas. On May 7 last the President of the Board of Trade announced in the House of Commons that

> the Governments of the colonies and protectorates for which such action would be appropriate would be asked to introduce import quotas which, except in the case of West Africa, would apply to all foreign imports of cotton and rayon goods. . . . In the most important of the West African colonies . . . there were treaty obligations which precluded differentiation in favour of our own goods. It was for this reason that on May 16 of last year notice had been given to release the West African colonies from their obligations under the Anglo-Japanese treaty, and action there would be limited to Japanese goods.

On the face of it those measures are intended to serve no other purpose than the protection of British exports from Japanese competition: they are a move in the world-wide conflict between this country and Japan. It can be argued, of course, that the interests of the colonies—political, strategic, financial, commercial—are so closely linked with our own that any sacrifices they may make are made in a common cause. But has it been adequately recognised that it *is* a sacrifice for the poorer natives of the tropics to be deprived of the chance of buying cheap Japanese goods? The Nairobi correspondent of *The Times* reported* that

* *The Times*, May 11, 1934

East African opinion did not regret that the imposition of the duties in East Africa was barred by the Congo treaties.

It is felt (he wrote) that the limited native purchasing power has been used, money circulated, and trade kept alive by Japanese goods at a critical time, which would have been less probably the case with more expensive British articles. An example of such indirect benefit comes from Tanganyika, where medical officers declare that the purchase of cheap Japanese rubber shoes has done more to prevent hookworm disease than all the efforts of the health department.

It is much the same in West Africa. Hard-hit as they have been by the fall in the price of ground-nuts and palm products, the poorer natives in Nigeria are still able to buy cheap Japanese shoes or singlets, but not the more expensive British product. It is the same story in Ceylon.

A high tariff on Japanese cotton piece goods (to quote again from a correspondent of *The Times*) would not, it is believed, in any way increase the sale of the British commodity; it would merely deprive the consumer of something which he demands and is now just able to afford.

In Malaya anxiety as to the effect of the duties on the *entrepôt* trade is stiffened by a traditional attachment to free trade, which in the course of last century raised Singapore from an obscure village to one of the world's great ports.

It is not surprising, therefore, that the imposition of the duties has met with some local opposition. In Nigeria and the Gold Coast, it is true, the requisite measures were accepted by the unofficial members of the Legislative Councils, but it was pointed out that, if the cost of living was to be raised in Nigeria to protect British trade, Great Britain should do more than she has done for Nigerian products. At Singapore, on the other hand, the unofficial members of Council unanimously opposed the Bill, which could therefore be carried only by the votes of the official

bloc. In Ceylon, after some hesitation, which was apparently due to a desire to bargain with the British Government for the better protection of Ceylonese products in the British market, the Board of Ministers decided to withhold support from the duties, and to "leave it to the Secretary of State to treat the question as one of Imperial significance, if he desired, and to take such steps as he thought fit."* An Order-in-Council has since been made vesting in the Governor of Ceylon power to regulate textile imports by quota.

> It would be impossible (said the Secretary of State) that Ceylon should be excluded from a broad imperial policy of this kind, which is regarded as essential in the economic interests of the Empire as a whole.

It may be that this local opposition is inspired by a false or narrow conception of the ultimate interests of the colonies concerned; but in brushing it aside how much consideration has the British Government given to those interests? Mr. Runciman's announcement of the Government's decision was of a brief official character: he merely stated that, pending a settlement by co-operation with the Japanese, action must be taken to prevent their "continuously expanding their exports in our markets to the detriment of Lancashire." The Government were thus "obliged to resume their liberty to take such action as they deemed necessary to safeguard our commercial interests." As regards the colonial markets, the action mentioned would be taken "with a view to reinstating this country in the position in those markets which she held before the present abnormal period." A reasoned explanation of the Government's policy was not to be expected on this occasion; but since it was only in the colonial sections of "our markets" that immediate action was to be taken, it is strange that Mr. Runciman could not find room for a single sentence to show that anything

* *The Times*, July 21, 1934.

but "the detriment of Lancashire" and "our commercial interests" had been considered.

(3) *Paying for Air Mail*

A third example of new tendencies may be taken from a different field. The air service provided by Imperial Airways between London and South Africa by way of the Sudan, Uganda, Kenya, Tanganyika and the Rhodesias is aided by a subsidy which amounts this year to £246,000. Of this total Great Britain provides £100,000, South Africa £94,000, and Southern Rhodesia £10,000. The residue of £42,000 is made up by Kenya (£15,000), Uganda and Tanganyika (£10,000 each), Sudan (£5,000) and Northern Rhodesia (£2,000). Those five territories are not, like the first three, self-governing. They are all under "trust." One of them is "mandated." Their total revenues have averaged in recent years about £10 to £12 million. No doubt they share in benefits that the service confers on all the territories it traverses. No doubt, too, there are political and strategic questions to be taken into account. But the disproportion between a payment by Tanganyika, for example, of over one two-hundredth of its revenue and a payment by Great Britain of less than one seven-thousandth is marked. Sir Edward Grigg went so far as to say in the debate on the Air estimates on March 19 that "the proportion in which the subsidy is divided is an exploitation of the African taxpayer for the benefit of the taxpayer here." No one supposes, if that be so, that it was deliberately intended; but it seems doubtful if the relative utility and cost of the service to the African native and the Englishman at home were reckoned up with a due sense of our responsibility as "trustees," and it is satisfactory that Sir Philip Sassoon promised that this aspect of the question would be fully considered.

The Future of Colonial Trusteeship

III. A New Policy

THE point to be repeated and emphasised about these three examples of our recent policy in the colonial field is that the policy is new. It assumes a different relationship between Great Britain and the colonies than that of the pre-war trusteeship, or at least a different conception of trusteeship. The old theory, as defined at the outset of this article, was that the interest of the ward was the Government's over-riding concern. Private commercial enterprise was certainly encouraged, but, broadly speaking, in the belief that it did not injure and should not be permitted to injure the peoples under "trust." We were content with the incidental indirect advantages that accrued to us from British rule. We did not ask the peoples ruled to pay for more than the local cost thereof, and when they could not meet even that, we made good the deficiency ourselves. The new policy is on other lines. It can hardly be said, perhaps, to be based as yet on any very definite theory. Things seem to have been done to meet particular needs, or to fit in with other policies, without considering their logical implications. But at least the outline of a new colonial doctrine seems to be taking shape, a doctrine that tends to regard colonial territories less as a class in themselves, and more as an integral part of the Empire, and to identify their interests more closely with those of the Empire as a whole. It suggests that their new path of progress lies in imperial co-operation. Where treaties permit, it substitutes reciprocal "Ottawa" preferences for the "open door," and with the same proviso it calls for aid in Great Britain's economic conflict with Japan. It takes for granted a subvention to an imperial air service. Going one step further, it might perhaps assert that the colonies, enjoying the general benefits, the freedom and security, inherent in their connection with the Empire, should share also in its

general burdens over and above the local cost of their administration. The conception of the relationship between ourselves and the colonies, in fact, would seem to be no longer that of trusteeship, but rather that of partnership.

In principle, no one can quarrel with that. Partnership in the colonies, as in India, is the natural outcome of trusteeship. It has been said, indeed, that the separate consideration given to the colonies at Ottawa implied a rise in their status, and that the discussion of the new preferences in their legislatures was a step in the direction of fiscal autonomy. There would be more force in that if the majority of most colonial legislatures were not bound to vote in the last resort as the Colonial Secretary in London wished, and if the only important colony that possesses a real measure of fiscal autonomy, Ceylon, had not disagreed with the British Government's proposals. There is danger, indeed, in regarding peoples as partners who in fact are still only wards. It may lead to imposing on wards what partners would refuse. George III's Ministers believed themselves justified in asking the American colonies to contribute to imperial defence. The attempt to impose free trade on Canada in the eighteen-fifties was inspired by a quite genuine belief that it was good for her. To be a just judge in one's own cause demands a superhuman virtue, and, if indeed such a doctrine as that outlined above is to be adopted, let us take care to define it clearly and truthfully. To talk of "co-operation" unless we are sure it is voluntary goes far to justify what is said abroad of our national hypocrisy.

We are face to face in fact with an imperial issue of quite first-rate importance. Let us recognise it as such betimes, and not allow it to be decided by a series of hand-to-mouth decisions, without thinking out the principles involved. Above all, it must not be decided without the fullest public discussion; for the final responsibility lies with the British people. The "trusteeship" for the welfare of the millions of coloured peoples is not vested

in their colonial governments. In most of the colonies the Governor can secure his end in the legislative as well as the executive field by ordering, if need be, the official majority in the legislature to vote as he directs them. But the Governor is under the instructions of the Secretary of State, who is himself the agent of Parliament, and, more particularly, of the House of Commons, which represents and is responsible to the British people.

Theirs, then, is the ultimate responsibility. Their opinion must decide the issue. It must not be settled by a policy of drift or in "a fit of absence of mind" without consulting them. And so far no such consultation has taken place. Neither in Parliament nor outside it has there been any real public discussion of the new colonial policy. Full attention was given to the part played by the Dominions in the Ottawa agreements; but scarcely any to that of the colonies. The anti-Japanese duties were announced without even a bare reference to their interests. Nor can it be pleaded that public opinion in this matter can be taken for granted. It is impossible to say what it is. Is it, for instance, convinced that the application of "imperial preference" in the colonies is economically or morally justified? Has it considered and decided to face the reactions of such a policy on the attitude of other nations towards the British Empire, especially that of the United States?

Nor is it British public opinion only that must in these days be consulted. Every effort should be made to inform the educated section of any community concerned as to the purpose of our policies, and, as far as possible, to obtain its views. It need not be assumed that they will differ from our own. In 1919, while the African members of the Gold Coast Legislative Council voted against the palm-kernel export duty, those of the Nigerian Council voted for it because Sir Frederick Lugard had straightforwardly appealed to them to recognise what they owed to British rule. What is almost certain, on the other hand,

to provoke dissent and antagonism is to impose a measure especially an economic measure, on a colony without troubling to explain and justify it as clearly and fully as possible. The suspicion that the political ideals of our "trusteeship" do not conform with our economic purposes is unhappily as inevitable in the colonies as it used to be in India; but it is not yet so widespread, and everything possible must be done to combat it. Not only in Ceylon and the West Indies, but in more politically backward communities in Africa and elsewhere, the educated native is closely watching what we do and how we do it. And at all costs we must try—and it is not by any means impossible—to convince him of our sincerity and to keep his good will. For, however we interpret our "trust," every student of colonial problems knows that its successful execution depends, and will increasingly depend as time passes, on the sympathy and co-operation of the native peoples.

BRITISH AGRICULTURE AND EMPIRE TRADE

I. Ottawa: Before and After

SINCE the British Commonwealth of independent nations emerged from the old colonial empire, it has never been built upon any central economic plan or organisation. Repudiated as an ideal, such a scheme was prevented in practice by the prevailing fiscal creed of Great Britain, and by the industrial ambitions of the Dominions. Nevertheless, even while this country still adhered to the free-trade faith, certain principles were traceable in the general terms on which trade was conducted among the British nations. The free-trade system of the United Kingdom ruled out preferences on the principal exports of the Dominions, but it guaranteed them an open and unlimited market for their produce in this country. That market was the mainstay of their primary industries, and thus at second remove of their rising manufactures. British Governments of different complexions had, moreover, recognised the principle that whenever an import tax was imposed it should be accompanied if possible by a measure of imperial preference. At the other end, while we had to meet protective barriers in the Dominions against our manufactured exports, we were given a preferential position there, and our cheap imports of food and raw materials enabled us to keep and enlarge our markets while our average standard of life steadily rose.

A major change was effected when this country adopted industrial protection, and more especially when the Ottawa agreements were signed. The implied principle

of those agreements was industrial specialisation among the different members of the Commonwealth, safeguarded by a system of tariffs and preferences. The principle of the open market for Dominion primary produce in the United Kingdom was still maintained, though modified in detail by certain voluntary restrictions aimed at securing a higher price level. For her part, Great Britain continued to attach importance to the obverse aspect of the open market principle, namely, her ability to buy her foodstuffs and raw materials cheaply; she relied on this to keep down her industrial costs in comparison with those of her competitors, many of whom had artificially raised their costs of living by agricultural protection. Thus we insisted at Ottawa that the preferential tariffs on wheat and copper should be granted only on the condition that Dominion supplies were available at the world price.

The trend of British agricultural policy towards protection is working still another revolution in the principles of Empire trade. The open market for Dominion primary produce, if not curtailed already, has admittedly a very dubious future. The traditional British policy of buying necessities as cheaply as possible, in order to sell cheaply on a high standard of life, has been, by implication, abandoned. The broad specialisation of economic function within the Commonwealth, that is to say, the concentration by this country on manufacture, while the Dominions and other new lands produce our non-perishable raw materials and food, has been set limits as an object of national policy.

II. British Agriculture

BRITISH agriculture is a specialised industry, adapted to the climatic and economic conditions of these islands. In 1930-31, the latest year for which returns are available, over 70 per cent of the net output of British agriculture consisted of livestock and livestock products.

British Agriculture and Empire Trade

The following table shows in detail the distribution among the various products.

NET OUTPUT OF AGRICULTURE, 1930–31
(England and Wales)

Product	Value in £ million	Percentage of total
Beef and Veal	29·9	14·8
Mutton and Lamb..	15·6	7·7
Pig Meat	19·5	9·6
Milk	47·5	23·4
Milk Products	7·5	3·7
Poultry and Eggs	21·0	10·4
Wool	1·3	0·6
Wheat	3·6	1·8
Other Corn Crops	6·2	3·0
Potatoes	11·7	5·8
Sugar Beet	6·8	3·3
Hops	0·9	0·5
Hay, Straw, etc.	4·0	2·0
Fruit	7·8	3·8
Vegetables	12·3	6·1
Flowers	1·5	0·8
Glasshouse Produce	5·6	2·7
Total	202·7	100·0

These figures are all net, that is to say, there has been excluded from them all produce consumed in further agricultural operations. Thus they include food consumed by the farmer and his family, but omit crops used for *fodder, whether on the farm or elsewhere.* The *gross* figures, of course, would show a much higher proportion of corn crops, and of hay and straw; for over one-half of the former group, and four-fifths of the latter, were used for farm purposes. The general character of British agriculture, however, is best portrayed by net totals. The trend also is of great significance. Between the agricultural censuses of 1925 and 1930–31, aggregate net output, valued at the

prices of the latter year, increased by 3·9 per cent. But output of dairy produce rose by 12·7 per cent., and that of poultry and eggs by no less than 62·7 per cent., while the output of livestock fell by 8·0 per cent., and that of farm crops by 4·6 per cent.

In 1931, the last year before the protective régime began, the following values of certain agricultural commodities were imported into the United Kingdom.

United Kingdom Imports, 1931
(in £ million)

	From Foreign Countries	From British Countries
Wheat and Wheaten Flour ..	18·0	16·4
Barley, Oats and Maize	14·6	1·4
Beef, chilled	20·1	0·0
Beef, frozen	0·9	1·9
Mutton and Lamb, frozen ..	5·0	13·2
Bacon and Hams	34·6	1·7
Poultry	2·5	0·6
Other Meat	9·1	4·3
Live Animals, for food	0·0	16·0
Butter	24·4	21·9
Cheese	1·5	7·5
Cream	0·4	0·4
Condensed and Dried Milk ..	4·5	0·6
Eggs	13·3	3·3
Potatoes	5·9	1·0
Onions	1·8	0·0
Tomatoes	3·1	1·5
Fresh Vegetables	1·6	0·0
Apples	4·3	3·6
Other Fresh Fruit*	2·4	0·7
Hops	0·2	0·0
Wool, raw	5·7	27·0
Hides and Skins (not fur skins)..	2·6	3·4
Totals	176·5	126·4

* Pears, cherries, gooseberries, strawberries and plums.

The total of £303 million does not, of course, measure precisely the competition that British agriculture met from overseas sources of supply. It makes no mention of sugar, which competed with home-grown beet, or of preserved fruits and jams. Nor does it allow for the indirect competition of such articles as margarine or imported beverages. On the other hand, not every item on the list was fully or immediately competitive. The grains other than wheat, for instance, were used largely as raw material for other branches of home agriculture. Again, chilled and frozen meat reaches a different range of consumers from those who normally eat home-grown meat—a very important point to which reference will be made later. Moreover, a large proportion of the imports of fruit and vegetables came in when British produce was out of season. Bearing in mind all these qualifications, we may say broadly that the United Kingdom market for agricultural produce of a kind that is grown both at home and abroad has been divided hitherto fairly equally between the British and the overseas farmer.

By 1933, total imports of the items listed had been reduced in value to £250 million. This drop was largely the result of the further fall of prices that had taken place meanwhile, but it was partly also the result of protection in one form or another.

Since protection for British agriculture has assumed such varied shapes—tariffs, import quotas, subsidies—its scope and character cannot be summarised in a few words. The first protective measure of the National Government was the Horticultural Products (Emergency Duties) Act of November, 1931, which imposed import duties, ranging up to 100 per cent. of the value, on a wide variety of fruit and vegetables, in some cases during special seasons only. These duties, originally temporary, were made permanent in August, 1932. The Import Duties Act of February, 1932, spread the protective net much wider, imposing a 10 per cent. tariff on all foreign imports, save for a short

"free list"; but a number of the most important farm products—wheat, maize, beef, mutton and lamb, pig products, wool—were among the exemptions. The Import Duties Advisory Committee, set up under the Act, later recommended the application of specific duties to imported potatoes; the duty on main crop potatoes was raised again last year. In August, 1933, the import duties on barley and oats were raised from 10 to 20 per cent., and last January the duty on oats was further raised to 3s. per cwt., equivalent at current prices to about 50 per cent. *ad valorem.*

The next measure of tariff protection for British agriculture was the Ottawa Agreements Act of October, 1932. It was part of the contract with the Dominions that duties should be imposed on foreign butter, cheese and eggs, while Dominion produce would continue to come in free. A duty of 2s. a quarter was also imposed on foreign wheat, but as it was accompanied by the proviso that adequate Dominion supplies should be available at the world price it cannot be reckoned as a measure of protection for home wheat growers. The only other piece of tariff protection for British agriculture that has to be recorded is the series of high duties imposed in July, 1932, on imports from the Irish Free State. The primary purpose of these duties was not protective, but such was inevitably their effect, especially in the markets for fat and store cattle, poultry, butter, eggs and cream.

The non-tariff forms of protection must be reviewed according to the different products to which they have been applied. Wheat comes first. By the Act of 1932, British wheat growers were guaranteed a price of 10s. a cwt., equivalent to 45s. a quarter, for their grain, or proportionately less if their total production should exceed—as it now does—a certain basic figure (27 million cwt.). This guaranteed price has been at times more than double the market price during the currency of the Act. In 1933, home-grown wheat sold at prices ranging from 6s. 10d. a cwt. in July to 4s. 5d. at the end of the year. The subsidy

is provided from the proceeds of a tax on all flour imported or milled. The total sum thus distributed to farmers during the last crop year was about £4½ million. The grant of so large a subsidy to so small an item in British farming is all the more remarkable in that the Government has consistently advocated the limitation of world wheat production, and in that the benefit is very unevenly distributed between farmers in different parts of the country. More than half the total wheat area of Great Britain is in the eastern and north-eastern counties of England. Within that region, wheat "deficiency payments" varied in 1932–33 from an average of £89 per 100 acres of farmed land on north Essex and south-west Suffolk boulder clays, to £15 per 100 acres on south Essex london clays.*

The sugar beet subsidy, which is ten years old, may be mentioned at this point, since it has much in common with the wheat scheme. The subsidy of £6 10s. per ton of beet sugar cost £2½ million last year. Thus on wheat and sugar beet, which together accounted for about 5 per cent. of the net output of British agriculture, there was paid last year a total subvention of about £7 million, not including the rebate of excise on home-grown sugar. A marketing scheme for sugar has now been promulgated by the Government and has been the subject of public enquiry. Its basis is twofold: the apportionment of sugar-refining business by quota among a specified group of refiners; and the levy within the industry of a charge on all refined sugar, out of which the subsidy on home-grown sugar beet will continue to be paid. This provision assimilates the scheme to the "deficiency payment" plan for wheat.

More vital to British agriculture as a whole are the measures that have been taken during the last two years for the protection and assistance of livestock and dairy farming. The Ottawa agreements laid down that imports of foreign

* *An Economic Survey of Agriculture in the Eastern Counties of England*, 1932. University of Cambridge, Department of Agriculture.

frozen beef and frozen mutton and lamb should be progressively cut to 65 per cent. of their 1931–32 amounts. *The Australian Government undertook to limit the export* of frozen mutton and lamb to the United Kingdom in 1933 to the level of 1931–32 shipments, and to use its best endeavours to ensure that exports of frozen beef in 1933 should not exceed 110 per cent. of exports in the base year. New Zealand undertook merely to give reliable estimates of shipments of mutton and lamb as early as possible in each export season. The United Kingdom Government, in return, undertook that no restriction would be applied to imports of meat from New Zealand and Australia up to June 30, 1934. As for chilled beef, which had not hitherto been exported in appreciable quantities by the Dominions owing to their greater distance from the market, foreign supplies were to be kept down to 1931–32 amounts. The Ottawa agreement on meat was reinforced by a plan of voluntary regulation of supplies, which was agreed upon between the United Kingdom and Argentina, as well as the Dominions concerned, in November 1932. Argentine beef exports to this country were to be cut down by 10 per cent., and mutton and lamb exports by 20 per cent. The Dominions would cut down their mutton and lamb exports by 10 per cent. Part of the bargain with Argentina was that no import duties should be levied on meat before November 1936.

British livestock farming was defended against a further source of competition when fat cattle imports from the Irish Free State were cut by 50 per cent., by an Order of December 1933. This measure was primarily protective in purpose, and its chief connection with the political dispute with the Free State Government was the omission to secure the latter's consent. Imports of beef, veal and offal from the Irish Free State were prohibited altogether. The Government of Canada at the same time agreed to limit exports of fat and store cattle to this market to 100 per cent. of 1933 quantities; but so much opposition was aroused

among Canadian cattle-raisers that the understanding has not been ratified.

The expiry of the Ottawa agreements on meat supply raised once more the whole question of future British policy towards livestock farming. While the price of fat sheep has appreciably risen since 1932, the price of beef has remained at a very low level. The want of restriction on imports of frozen beef from the Dominions has been the factor most generally blamed, and indeed frozen beef imports were actually higher in quantity in 1933 than in 1932. The Fat Stock Reorganisation Commission pointed to two other contributory causes, namely, absence of knowledge about the volume of home-produced meat coming forward for slaughter, and the failure of the exporting countries to adhere strictly to their undertakings. The Commission were able to find no practicable substitute for supply regulation that was capable of immediate application. They acknowledged that (having regard to the requirements of consumers as to both volume and price) such regulation might fail to restore prices of home-produced meat to a reasonable level, and they recommended, as a first choice among possible reinforcements, a levy on the lines of the Wheat Act. This line of action has been provisionally adopted as part of government long-term policy, but for the present it is barred by the terms of the Argentine agreement. Argentina has refused to modify the agreement in this sense. The Dominions concerned have also expressed their opposition both to a levy on their supplies and to quantitative restriction. After conferring with the High Commissioners, the Government therefore felt constrained, until their hands should be free, to adopt an interim policy to aid British livestock farmers. This takes the form of a direct subsidy of 5s. per cwt. (live weight), or 9s. 4d. per cwt. (dead weight), on cattle sold for slaughter. The subsidy is granted for the period of seven months ending March 31, 1935, and is estimated to cost £3,000,000. Later, any such payments that may be made to beef pro-

ducers are intended to be recouped out of the proposed levy on imported beef, but whether the £3,000,000 will be repaid by these means has been left undetermined.

The scheme of assistance for the pig industry need not be described in detail here, because it scarcely affects the Dominions. But it has several features of general interest. There is no guaranteed price, but all contracts for bacon curing have to be endorsed by a marketing board set up under statutory authority, and in fact when last November the curers were faced with heavy losses on their contracts the Government helped them with a loan, to be recouped out of a levy on future contracts. That situation arose because the supply of bacon pigs from home sources exceeded by one-third the total that had been expected. The chief exporters of bacon to this market had already agreed to restrict supplies by 20 per cent. of their former volume; when the November crisis arose the Government, after vain negotiations with the Danish producers, imposed a further cut of 16 per cent. As a result of these steps, the price of Danish bacon has risen considerably. Indeed, we have been paying Denmark more money for a less quantity of bacon. The complications of a quota policy are well illustrated by these incidents. At the World Economic Conference last year, the United Kingdom delegation moved "that a very definite distinction should be drawn between import quotas arbitrarily fixed for protectionist purposes, and production or marketing quotas established by international agreement with a view to the raising of prices." Was the second cut in bacon imports "arbitrarily fixed for protectionist purposes"? It certainly was not established by international agreement, and the raising of prices was only a secondary objective.

The milk marketing scheme has met with equal though rather different entanglements. The essence of the scheme is the equalisation of return to farmers by the compulsory sale of their milk to regional pools, co-ordinated under a central marketing board. The board is responsible for enter-

ing into contracts with milk distributors and for disposing of surplus milk, at prices fixed each month, to manufacturers of cheese, butter, chocolate and other products. Even in winter there is now an excess of milk to the extent of 20 per cent. over liquid requirements, and in summer it may rise as high as 40 per cent. The price of milk for manufacture, which must obviously vary with the price of imported cheese and butter, as well as with the volume of the home surplus, has been as low as 3½d. a gallon, when the wholesale price for liquid milk has been 1s. 1d. a gallon.

The curtailment of imports, which was applied to bacon, has not been possible here; for the Ottawa agreements precluded us from restricting the import of Dominion butter and cheese until November 1935. Last year some 60 per cent. of our imports of butter and cheese came from the Dominions. Not long after the Ottawa Conference, the New Zealand Government asked the United Kingdom Government whether it would not be possible to restrict imports of foreign dairy products into this country, with a view to raising the price obtained by Dominion producers. The Government replied that they could not sufficiently cut foreign imports without applying some restriction to Dominion butter and cheese also; they therefore suggested that the Dominions should agree to curtail their exports by 10 per cent., foreign imports being thereupon cut by 20 per cent. Neither New Zealand nor Australia was able to assent to this proposal, which was denounced in some quarters in those Dominions as a breach of the spirit of Ottawa. The British Government have therefore resorted to the device of a subsidy. For a period of two years they have provided funds (estimated at £3–£3½ million) to make up the price of milk for manufacture to a minimum of 5d. a gallon in summer and 6d. in winter. The subsidy takes the form of an advance to the milk marketing boards, who are to repay it out of their resources if the price of manufactured milk should exceed those minimum levels. The liability to repay is limited to the period March 1936

10 March 1938. At the same time, the Government provided a maximum grant of £1,000,000, spread over two years, for a campaign to increase the demand for milk, and £750,000 to launch a campaign for securing a purer milk supply.

Other governmental measures for the protection of home agriculture include a hops marketing scheme, which may be described as a co-operative monopoly among existing hop-growers, coupled with import restriction; and a marketing scheme for potatoes, which sets out to limit the volume of the home crop coming on the market, by means of acreage quotas, and especially to prevent periodic gluts.

While it is plainly impossible to sum up these various measures of assistance to British agriculture, something must be said of their monetary cost to the consumer and taxpayer. If we put the wheat subsidy at £4½ million, and the aid to sugar-producers at £6 million (including remission of excise), and if we calculate the due proportion of the milk and beef subsidies for twelve months, we find that the total of these direct subventions is no less than £18 million per annum. The cost, to the consumer, of quota policies designed to raise the price by restricting the supply cannot be so precisely determined, since any movement of prices may be due to other forces than restriction in this market; but the quota certainly has raised the price of imported bacon, and presumably also that of imported mutton and lamb. Whatever the extra cost of these products to the consumer may have been—perhaps £10–12 million annually—it represents so much less money available for spending on other goods—including, indeed, the products of British agriculture.

III. Reorganisation, Restriction and Protection

THE aims, ostensible or implied, of British agricultural policy are threefold—reorganisation, restriction, and protection. These three purposes are intimately linked. The chaotic methods of production and marketing that

rule in many branches of British agriculture demand conscious and scientific organisation. But can that be achieved under a régime of unlimited imports? And if home production is to be planned according to the possibilities of the market, does that not ideally require an international effort in the same direction, embracing the British plan as a part of world-wide regulation? Nevertheless, these three aspects of agricultural policy may be considered separately, because each has a different bearing on the principles of Empire trade.

Of reorganisation there is little that need be said here. So long as it takes the form of an effort to economise in distribution costs, to the advantage of both producer and consumer, it is plainly unexceptionable. If, on the other hand, a so-called marketing scheme is allowed to become a producers' monopoly aimed merely at limiting output and raising prices, it defeats its own ultimate purpose; for before long the public will round upon it and leave either worse chaos than ever or a full-blooded socialist regimentation. Of the inherent merits and defects of governmental interference with private trading, this is no place to speak. But policies of restriction, as distinct from organisation, have a sharper significance for the British Commonwealth. First, it must be recognised that so long as wants go unsatisfied among the poorer classes of our people, restriction can never be more than a second best means of dealing with unprofitable conditions in any primary industry. The alternative of widening markets not only adds to the sum of material welfare; it enlarges the opportunities of employment in the primary industries, and it gives to debtor countries (who are also for the most part primary producers) a more elastic means of paying their debts. On the other hand, world prosperity is but the sum of the prosperity of different trades and interests; hence world economy must be injured if a great primary producing industry is allowed to collapse for want of organisation of production to meet the market. Moreover, the fluctua-

tion of prices for primary commodities is to some extent a psychological regulator of trade in general.

Yet the common argument, that if primary prices could be raised by restriction, trade generally would recover to the level of the period when higher prices ruled, is an economic fallacy. Statistical research and analysis show that low prices are primarily a symptom, and only secondarily a cause, of world depression. It may be argued that to restore purchasing power to the agricultural community is to provide markets for industrial products, but this is to overlook two things: first, by far the greater proportion of world trade, internal and international, consists of the exchange of one manufactured product for another, as contrasted with the exchange of raw commodities for manufactures; second, the more that manufacturing communities are forced to spend on primary products, the less they have to spend on the goods they produce themselves.

Thus restriction schemes come with dubious economic credentials, and each of them must be carefully scrutinised from the point of view of the general welfare. The first practical test is that the scheme should be supported by the generality of producers wherever they may be situated. As regards any particular product, a mainly consuming country cannot claim to know better than the producing countries what production policy is good for them. If, moreover, the principle of restriction is sound for any industry, it should obviously be enforced, as far as possible, by gradually eliminating the least efficient areas and the least efficient individual producers.

In accordance with these tests, the persistent objections of the Dominions most affected to the restrictive principles of British Government policy should have caused us serious misgiving. The speeches of Mr. Bruce and Mr. Forbes at the World Economic Conference gave warning of the vehemence with which restrictive policies are opposed in Australia and New Zealand. On his recent visit

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Mr. Forgan Smith, Premier of Queensland, declared that his Government regarded the proposals put forward for the limitation of sales in Great Britain of Australian products as "a policy of despair, which would result in arrested development in the Commonwealth, lead to further deflation and increase unemployment." In the opening speech of his election campaign Mr. Lyons, the Commonwealth Premier, declared that restriction of production for export could never be willingly accepted by Australia.

Restrictive policies that proceed in the face of such opposition from the principal producers themselves must plainly be ranked as measures of local protection. Quotas and tariffs are alternative methods of securing such protection, each of which has its own merits and defects. We are not concerned here to debate the issue between them, though we are bound to point out that the quota method is the more dangerous to good relations between the countries of the Commonwealth. The arbitrary element that it is bound to contain, the necessity that it creates for government intervention, at the point both of export and of import, the limit that it sets to the reward of enterprise and efficiency in expanding the market by reducing costs—these factors render it much more repugnant than the tariff to Dominion producers, and give them a grudge against the United Kingdom such as the latter method of protection would not arouse. There are, admittedly, important considerations on the other side; but even if they gain the day, the principle of the free list for Empire goods, which was an essential element of the Import Duties Act, becomes rather unreal if it means only that the Government prefers quotas to tariffs as a means of protecting home agriculture.

The one vital need in all this controversy is to be honest about our acts and intentions. The British Government is trying to protect the farmer, not only from foreign but from Dominion competition. There is nothing to be ashamed of in that design. The Dominions protect their

secondary industries against United Kingdom as well as against foreign manufactures. There are many reasons why we should adopt an analogous policy for our agriculture. It is still one of the largest, and in a sense will always be the most important, of our industries. It has suffered more disastrously than almost any other from the world depression and the consequent low level of prices. It provides an essential and stable source of employment. Beside these economic reasons, there are also compelling non-economic reasons for protecting agriculture. Excessive reliance on oversea sources of supply for foodstuffs must be a grave element of strategic weakness. True, we can never be self-supporting even in primary necessities, and an attempt to make ourselves so would defeat its own ends by accomplishing both our economic ruin and the physical deterioration of our people. But if we can grow more food at home—not necessarily by dint of importing less—without lowering our standard of life, we shall be increasing our margin of safety in the event of another war or blockade. Perhaps the argument that most appeals to the individual citizen is an æsthetic and sentimental one. An England without a smiling, tilled and tended countryside would be a prospect worth a big sacrifice to avoid.

To judge how far in fact the stability of British agriculture is threatened, and what measures of organisation and protection are best suited to the circumstances, is an expert task beyond the range of this article. We should have to consider the problem of agricultural mortgage debts in a protracted period of low prices—a problem which the Dominions have already been compelled to tackle vigorously. We should have to take into account the impoverishment of agricultural capital through the high assessments on land for death and estate duties. Here, however, we are concerned only to discuss the relation of actual and prospective policies to the structure of the British Commonwealth.

IV. The Economics of the Commonwealth

CIRCUMSTANCES compel us to reconsider British economic policy in all its aspects. Whatever may be the outcome of that consideration, if the Commonwealth means to us what we profess it to mean we must have a Commonwealth economic policy as well as a United Kingdom policy, the latter being a harmonious part of the former. Ottawa was disappointing to many who hoped for a decisive move towards genuine economic co-operation, because the conference failed to subordinate its deliberations to a distinct Commonwealth economic policy. The Canadian Tariff Board has now confessed that it cannot interpret in a practical fashion, at least as concerns the woollen industry, the "equalisation of costs" clause in the Ottawa agreements, which may be regarded as the leading principle of economic policy there adopted. Perhaps at Ottawa the Dominions were most to blame for the want of a common objective. When, however, it is the protection of home agriculture that is in question, the responsibility is ours in the United Kingdom for considering the principles of Commonwealth economic policy to which we adhere, before we formulate our national policy.

It is no answer to point to the Dominions' own failings when similar problems have arisen in connection with their own economic policies. The tenuous mesh of Commonwealth co-operation will become but a figment if opportunities are missed, whether by ourselves or by the Dominions, for planning a concerted policy on matters of common interest. There is still grave danger that the need for a Commonwealth plan may be neglected in connection with government help to the shipping industry. In announcing the conditional grant of a "defensive subsidy" of £2,000,000 to tramp shipping on July 3, Mr. Runciman did indeed remark that in considering long-term policy it was essential to have the co-operation of the

Dominions and India; the Government, he added, were informing the other members of the Commonwealth of the position, and seeking their views as to possible lines of action. But such a collection of comments is very different from the Empire-wide enquiry that is necessary if the resultant action is to be a Commonwealth policy for the salvation of a Commonwealth interest, not merely a United Kingdom policy adopted in the light of Dominion observations.

For the Government to acknowledge that we must have a Commonwealth policy for agriculture would be the most important step towards their deciding what that policy should be. But can we foresee on what lines such a Commonwealth system would be likely to develop? Negatively, we may say with assurance that the principle of restriction of output in the interest of higher prices cannot possibly form the permanent basis of Commonwealth policy for primary production; for it has been decisively rejected by the Dominions most intimately concerned. In so far as their outlook is correctly expressed by such men as Mr. Lyons, Mr. Bruce or Mr. Forbes, these Dominions take a dynamic view of their economic position. They regard themselves as expanding countries, finding work for more and more men, and profits for more and more capital, from their own lands and from the Mother Country. If we place any hopes, social or economic, in the future of emigration to British countries, we at home are bound to take a similar view of the Dominions' future. As a New Zealand writer in The Round Table* put it,

> Unless this development (of dairy production) can be continued—and New Zealand's financial obligations have been undertaken on a certain basis of planned development of the country—the whole financial structure of the industry will break down.

The continued rapid expansion of primary production can scarcely be regarded as an extraordinary future for the

* The Round Table, No. 95, June 1934, p. 676.

Dominions, since for many years already it has been the most striking feature of their economic life. In 1871, Australia's output of wheat was but 12 million bushels, yet by 1911 it was 71 million bushels, and by 1921 it was 129 million bushels. Ten years later it had risen again to 191 million bushels. Similarly, her wool production, which in 1871 was only 179 million lb., had risen to 721 million lb. by 1921, and after another decade to 1,007 million lb. Her butter production—42 million lb. in 1891, rising to 267 million lb. in 1921, and to 391 million lb. in 1931—advanced on an equally steep curve. These are typical figures, figures that have been the foundation both of prosperity in the Dominions and of a high standard of life at home.

The Dominions may be excused for seeing their future in the same colours as their past. Under the encouragement of British Governments, with the assistance of British public and private funds and British scientific research, they have been seeking and still seek how further to increase their primary output. There is still indefinite scope for the application of machinery and chemical fertilisers to agriculture. The age of machines has only just begun, and the age of hungry millions is not yet over.

But to what end do the Dominions thus strive to improve the productivity of their land and the opportunities that it offers for capital and labour? As machines increase their wealth, their own urban populations grow, and form a rising home market for their primary production. The consummation of this trend is shown in the United States, where official policy already looks forward to a time when that country, formerly one of the greatest suppliers of raw produce to the rest of the world, will have no surplus of primary commodities to export, except cotton and tobacco, perhaps not even those. While it is well to take a long view, such a future for Dominion primary industries is evidently a great way off. For their rising production they look to expanding overseas markets, first among which is the

United Kingdom. Generally speaking, their dependence on this market is greatest in just those commodities which are most urgently threatened with limitation.

If the British market is restricted they will seek markets elsewhere; that is the unmistakable reaction to Mr. Bruce's recent visit to Australia, in the course of which he urged upon his countrymen the necessity, whether they desired it or not, of planning their national production so as to accord with the new policies that were being promoted in Great Britain. But if the Dominions seek rising markets elsewhere they will have to bargain for them. The countries that take their produce in added quantities will expect in return a privileged position in Dominion markets. We may not lose our own favoured position under Dominion tariffs, but every special advantage given to an individual foreign country is bound to cut into our preferential margin.

On the face of it, there is no reason why the hope of the Dominions, that the United Kingdom will provide a steadily expanding market for their products, should be falsified. It is true that our population is approaching a stationary level; that the taste is spreading for eating less meat; that the consumption of wheat is bound to be inelastic in a country at our standard of material welfare, where all should have bread enough to fill their bellies; and that as the standard rises people spend their spare income, after necessities have been secured, not on more food so much as on services and on highly manufactured articles. On the other hand, our standard of life is still low enough for a future all-round rise to bring great masses of people on to a plane where they can eat more meat, more butter, more vegetables. Since 1926 our consumption of butter, almost solely by reason of its growing cheapness, has been raised from 5,500 tons a week to 9,000 tons a week. Butter and butcher's meat are still luxuries for the poor. Home-killed meat is still a luxury even for the comparatively well-to-do. Thus British agriculture is bound

to benefit even more than Dominion agriculture from a rising standard of life in this country; for home-produced butter, cheese, eggs, and meat all command a substantial premium over similar imported goods, whether from the Empire or from foreign countries. The specialities of British agriculture, prime meat and milk, can be deprived of their sure and growing market only if they become too expensive for actual and prospective purchasers.

It is clear that the long-term interests of home and Dominion agriculture are not conflicting, but complementary. The prosperity of both is identified with expanding markets based on lower costs and on a rising average standard of life. Meanwhile, British agriculture is in a state of serious depression, and such long-term policies may not be enough to secure its immediate salvation. Hence special assistance with a view to lowering costs or artificially expanding the market may be necessary as a temporary measure. This is no place to consider the merits of different possibilities of this kind, but in the interests of the Commonwealth as a whole it is far better to apply a subsidy to the point of consumption (for instance, giving milk to school-children) than to the point of production; for the latter type of plan tends to aggravate the relative over-production that it is intended to remedy.

Some measure of protection against foreign imports may also be held necessary. But it is a remedy whose possibilities have been greatly exaggerated. We must sell our manufactures abroad, and this means not merely that we must buy from those countries who happen to be our principal customers, but also that we must maintain a certain fiscal moderation over the whole field of foreign trade. International trade, which is many-cornered, must moreover be always considered in relation to financial movements. To deprive debtor countries of the means to pay their debts is to impoverish the holders of foreign investments, and by so much to impoverish the market for British food products. But even if there were none of these complica-

tions, the quantitative restriction of imports of foreign primary products would be a measure of very limited utility. Goods are not destroyed by being kept out of England. The pressure towards lower world prices may well be heightened by such devices. And if, in this defended market, prices rise temporarily, there is no assurance that consumers will buy more British farm products to replace the cheaper foreign goods that they have been compelled to forgo.

Hence, although temporary protection may be held necessary, the greatest possible freedom of world trade, resulting in the widest possible world markets, is clearly the long-term ideal for British as for overseas agriculture. The liberation of world trade is a slow and difficult task, but we may make a start within the British Commonwealth, where political, racial and historical bonds reinforce mutual economic interest. The fact that British agricultural policy is in the balance gives this country another opportunity to strive towards freer trade within the Commonwealth. Not long ago the New Zealand Government enquired what would be the United Kingdom Government's view of a proposal to give British manufactures free entry into New Zealand in return for a guarantee of an unlimited market for Dominion agricultural products. By the admission of the New Zealand Government themselves, this was not intended as an offer, but was, on the contrary, a device to strengthen their hands against internal critics who were demanding such a policy. Nevertheless, the Dominions Secretary's reply might have poured less icy water on a suggestion which, if it were practicable, would be highly advantageous to this country. Genuine "Empire free trade," in the sense of the greatest possible freedom of trade within the British Commonwealth, is an ideal to which supporters of widely different fiscal policies for this country would gladly subscribe. Our agriculture no less than our manufacturing industry stands to gain by the freeing of trade within the Commonwealth; for the first

condition of agricultural prosperity in this country is a prosperous home market, which in turn depends on the fortunes of our great exporting industries.

The freeing of Commonwealth trade must be based—as the Ottawa agreements themselves were meant to be based—on the principle of international specialisation. It is, of course, a principle to which limits have been set both by policy and by necessity. In a world without a threat of war, or in a world guaranteed against exchange fluctuations and wide changes in the purchasing power of money, it could be pushed much further than is at present possible. Moreover, in the sense of concentration by the Dominions on primary production, while the United Kingdom concentrates on secondary industry, the principle of specialisation has been greatly qualified by the Dominions themselves; and we too would rightly protest against its being carried to the length of destroying home agriculture.

Nevertheless, even in that broad sense the principle has value as expressing the need for greater freedom of trade, and less artificial support of uneconomic industry. In its narrower but no less important sense, the principle of specialisation means that within each industry, whether primary or secondary, there should be an understanding regarding the types of products on which the different countries of the Commonwealth should concentrate. Such specialisation must not be confused with a mere division of markets. British agriculture is already a highly specialised industry, and it would be a misfortune if it were to lose this character. Its products generally command a higher price, and appeal to a wealthier class of consumers, than corresponding imports from the Dominions. Where they do directly compete, there is no reason why British agriculture, with its market at its door, should not meet its Dominion rivals on level terms. On the other hand, it ought not to have to face competition artificially supported and stimulated. We should set our face against dumping by the Dominions as well as by

foreign countries. Thus we could reasonably make the point that schemes involving a levy on internal sales of butter or cheese in order to subsidise exports would deprive a Dominion of its title to a free and open market in the United Kingdom.

Empire economic co-operation, as we found at Ottawa and are finding again, is no simple or easy task. It must take account, among other hard facts, of the need for helping British agriculture, which finds its competitors as much in Commonwealth as in foreign countries; of the insistence of the Dominions upon protecting their secondary industries; and of the dependence of this country upon foreign markets and investments, which compel us to treat imports of foreign primary products with a moderation that we might otherwise be tempted to abandon. Yet no less important than these cardinal facts are the principles of economic policy to which we ought to hold because we are members of a great Commonwealth whose strength is our strength and whose prosperity is our prosperity. The first principle is expansion of the market, as contrasted with restriction of the supply. Even home agriculture does not benefit in the long run by the latter form of protection. The second principle is greater freedom of trade within the Commonwealth, secured perhaps on the inducement of an open market for Dominion primary products in the United Kingdom. The third principle, that of specialisation, is largely subordinate to the second, though it also applies to British agricultural policy from the domestic point of view.

The present agricultural policy of the British Government fails by these tests. It is conducted with energy, ingenuity, and a praiseworthy insistence that agriculture must not be allowed to rot for the sake of a false and temporary cheapness to the urban consumer; but it is conceived from too narrow a viewpoint. If we look beyond the immediate and sectional problems, it becomes clear that agriculture, here as well as abroad, must find its prosperity

first in internal organisation and second in an expanding market; that an expanding market depends on the prosperity of British industry, which in turn ultimately depends on the ability of oversea countries to buy from us, in return for what we buy from them; that for this reason, and because the main products of British agriculture command a higher price than the imported article and appeal to different consumers, the interests of Dominion and home farmers are not conflicting but complementary. Hence our agricultural policy ought to be founded upon a view of economic policy for the Commonwealth as a whole, taking into account especially the international debt system that rules between the Dominions and ourselves. And Commonwealth policy for agriculture, as we have seen, cannot safely or profitably be built upon either subsidies or the restriction of supply; it must be based on specialisation, on the repudiation of dumping, and on the greatest possible freedom of trade, at least among ourselves.

Debates in terms of local interests, of concessions, sacrifices, advantages and bargains, bring us no nearer to a Commonwealth policy. Its objective must be the good of the Commonwealth as a whole. That, indeed, is compounded of the interests of the constituent parts, but it is a chemical and not a physical compound, a synthesis, not a mere summation. The policies of the members of the Commonwealth cannot be fused by discussion, nor harmonised by administrative machinery; they can be unified only by having a common objective.

ART OR ALCHEMY IN THE NEW DEAL

THE Congress of the United States, that overburdened legislature, adjourned on the 18th day of June. Ten days later President Roosevelt gave one of his " intimate fireside talks " to his fellow countrymen, availing himself, as he has skilfully done before, of the medium of the radio. His message was designed to be a message of cheer. The Congress, he said, had been equal to its task of " completing and fortifying the work " begun in March, 1933. It had passed the Corporate and Municipal Bankruptcy Acts and the Farm Relief Act. It had " strengthened the integrity of finance " through the Fletcher Rayburn Bill for the regulation of securities exchanges. It had provided a rational method of increasing foreign trade through reciprocal trading agreements. It strengthened our naval forces, " made further advances towards peace in industry through the Labor Adjustment Act," and " supplemented our agricultural policy through measures widely demanded by farmers themselves." " It took definite steps towards a national housing program " and created a new federal commission to regulate communications. Finally, and most important in the President's mind, " it reorganized, simplified and made more fair and just our monetary system, setting up standards and policies adequate to meet the necessities of modern economic life, doing justice to both gold and silver as the metal bases behind the currency of the United States."

The President said that he had continued to recognize three related steps toward saving and safeguarding our national life. These are the three R's of the President's

program—Relief, Recovery, Reform. Substanti he claimed, had justified the course followed. pay envelopes had gained, hundreds of thousands] re-employed in industry. The value of farm prod risen. He could cite statistics to show the " great in bank deposits " and " scores of thousands of hc farms " saved from foreclosure. He then put tl straight to his listeners—" Are you better off than ; last year ? Are your debts less burdensome ? bank account more secure ? Are your working cc better ? Is your faith in your own individual futı firmly grounded ? "

· Assuming an answer in the affirmative to all t quiries, the President launched out in a reply tc creasingly numerous and articulate critics. "] self-seekers and theoretical die-hards will tell yoı loss of individual liberty." But he assured his that no single jot of the great assurances of th(Rights had suffered any impairment. Any one ' agreed with him was by implication a plausible se or a theoretical die-hard or both.

It is not the overwhelming majority of the farmers or turers or workers who deny the substantial gains of the The most vociferous of the Doubting Thomases may b roughly into two groups, first, those who seek special privilege, and, second, those who seek special financial priv: The program of the past year is definitely in operation, operation month by month is being made to fit into th old and new conditions. This process of evolution is well i by the constant changes in detailed organization and metl on in the National Recovery Administration.

We are still feeling our way in solving problems which self-government in industry, especially where such self-go tends to eliminate the fair operation of competition. In process of evolution we are keeping before us the objective tecting on the one hand industry against chiselers withiı ranks and, on the other hand, the consumer through the ma of reasonable competition for the prevention of the uı rocketing of retail prices.

The first principle of the future program is the providing of people with better homes; the second is "to plan the use of the land and water resources of this country to the end that the means of livelihood of our citizens may be more adequate to meet their daily needs"; the third is "to use the agencies of Government to assist in the establishment of means to provide sound and adequate protection against the vicissitudes of modern life—in other words, social insurance."

"A few timid people, who fear progress, will try to give you new and strange names for what we are doing. Sometimes they will call it 'fascism,' sometimes 'communism,' sometimes 'regimentation,' sometimes 'socialism,' but, in so doing, they are trying to make very complex and theoretical something that is really very simple and very practical—what we are doing to-day is a necessary fulfilment of what Americans have always been doing—a fulfilment of old and tested American ideals." He likened the changes in our social, political and economic system to the present additions being made in the White House, new plumbing and electric lights and air conditioning in an old building without impairment to the dignity and beauty of its architecture. "It is this combination of the old and the new that marks orderly peaceful progress—not only in buildings, but in building government itself. Our new structure is a part of and a fulfilment of the old."

A few days later the President stepped aboard a cruiser to visit some of the American insular possessions in the Caribbean and in the Pacific.

This "intimate fireside talk" has been quoted at considerable length for several reasons. In the first place it is the most authoritative recent statement of the aims and purposes of the New Deal. In the second place it represents a recognition on the part of the President and his Administration of the growing opposition to the Administration program, the difficulty of reconciling the reformers with the "timid people." In the third place

it is remarkable for the particular things that it does *not* contain.

When it is remembered that American business had been waiting patiently for this authoritative utterance from its national leader, it is easy to understand public disappointment. The address contained no intimation of future monetary policy, no assurance regarding the proposed scope of permanent governmental control or supervision of American business, no definite pronouncement on the moral obliquity or rectitude of the profit motive in private enterprise, and no suggestion of any particular sphere of human activity appropriate or inappropriate to its operation. While declaring for certain major ambitions in the way of reform, reconstruction and " social insurance," he gave no hint as to how these changes were to be secured. The expression about " doing justice to both gold and silver as the metal bases behind the currency " means, as was no doubt intended, precisely nothing.

Much of the legislation passed by the last Congress seems hasty and ill-advised to some Americans who must shoulder the odium of being called " timid people who fear progress." They may be critical enough to inquire whether the passage of the Fletcher Rayburn Bill does really " strengthen the integrity of finance," or whether peace in industry is actually promoted by any legislation at the last session of Congress or by any new spirit exhaled by the New Deal. If so, why the strikes of Detroit and San Francisco ? Is a new federal commission to regulate communications an agency for relief, for recovery or for reform ? If they wish to carry criticism further, they may pursue an inquiry into whether the larger number of dollars in the weekly pay envelope represents greater purchasing power, whether the volume of re-employment is fostered or retarded by governmental policies, whether the rise in prices of which the President boasted in the first part of his intimate fireside talk may not conduce to " the unfair skyrocketing of retail prices " denounced in the last part.

all Americans will answer the President's fivefold r in the affirmative. Some of us are quite definitely 'tter off than we were last year. Many security ; and professional men are worse off. To many the urden has not been alleviated. It is extremely ıl, for reasons to be discussed in a moment, whether y's bank account is as secure. Working conditions robably not changed materially. And while the as a whole is probably in better spirits than a year ny thoughtful and intelligent men are more dubious own future and the nation's than ever before. Even those who feel that conditions have improved there ıy who do not concede the implication that the of the New Deal are responsible. Such people resent any assignment to a category of seekers of political or special financial privilege. Others who t the encroachment of government upon the field prise is not a "fulfilment of old and tested American rankle under the epithet of "plausible self-seekers oretical die-hards."

doubtless too much to expect that any popular :e of a political leader will be a profound statement ıal verities, but it seems reasonable to inquire · the intellectual thinness and vagueness of this ar utterance is not too dangerously characteristic ational mood. The *Literary Digest* straw vote, on the question, "Do you approve on the whole the l policies of Roosevelt's first year?" shows 61·15 t of the 1,705,562 responding as in the affirmative, ly (about 4 per cent.) greater preponderance of ıan he enjoyed in the popular vote of November, Despite the vagueness of the question and the ıg confidence of the opposition, this vote affords no ː that the President has lost touch with the elec-

Art or Alchemy in the New Deal

II

THE fiscal year came to a close on June 30. The following day was New Year's Day, fiscally speaking, but no confetti was thrown. This was perhaps fortunate. Some of our thinkers might favour making confetti legal tender. The new year opened with the largest peace-time deficit in the nation's history. In the last twelve months the national debt has been increased by some four and a half billion dollars, or by about 20 per cent., and now stands approximately at 27 billions. As against these new liabilities must be considered the magic " increase " in our resources through devaluation, the value of new investments by the Reconstruction Finance Corporation, and a net gain in the Treasury's cash.

" Ordinary " national expenditures in the year last past, including interest and sinking fund, came in round figures to $3,100,000,000. The extraordinary expenditures came *to four billions. These include relief of one sort or another*, either in its simplest form or in the cost of fabricated employment. As against these expenditures, government revenue showed an improvement for the first time since 1929. Due chiefly to revenues realized from the repeal of prohibition, yield from internal revenue taxes rose to $1,485,000,000, an increase of more than 70 per cent. from the previous year. Customs duties increased by 20 per cent. due to the very moderate recovery in foreign trade. Income taxes gained 10 per cent. to yield $850,000,000 and the new processing tax to raise funds to aid agriculture produced $370,000,000. Thus the revenue for the year exceeded ordinary expenses by the trifling amount of one hundred million dollars, but fell behind total expenses by nearly four billions, only a little more than half the seven billion dollar deficit that the President predicted last December, but still the greatest peace-time deficit in the country's history, 25 per cent. higher than the previous

high mark in 1931–32 and thirty-two times as large as any deficit between 1870 and the World War, a period which included some of the worst years in the nation's history. The only reason why the deficit was not larger was because the various spending agencies of the government were slow in getting under way.

The budget of ordinary expenses for the new year is about 25 per cent. higher than in the year just past. This is due mostly to projected expenditures for our spoiled child, agriculture. What the emergency budget will run to no one quite knows. The President has wide powers. The Reconstruction Finance Corporation has a couple of billion unexpended. The Public Works Administration has a billion. Other items bring the putative total up to six billions. Thus the revenues will remain at about 45 per cent. of total disbursements.

Some of our economists think that this is all right. Others think not. The pump-priming metaphor is still used, but despite a lot of priming we have not gotten the pump of private industry to going very well. Mr. Keynes was here and talked to some important people who are said to have listened to him respectfully. He said that

> for six months at least, and probably a year, the measure of recovery to be achieved will mainly depend on the degree of the direct stimulus to production deliberately applied by the Administration. Since I have no belief in the efficacy for this purpose of the price and wage raising activities of N.R.A., this must chiefly mean the pace and volume of the government's emergency expenditure.

Mr. Keynes thinks that government expenditures, exclusive of refinancing and advances to banks, should run as high as $400,000,000 a month. Less than that might be a mere futile waste and not accomplish the priming. "So little divides a retreat from an advance." He did not define the maximum of budget unbalancing which he thought could be practised without hazard.

Mr. Keynes scorns the idea that business "left to itself" would work out its own salvation. He thinks the pump

will not prime itself. Nevertheless the sticking point in the recovery movement remains now where it was six months ago, in the failure of employment to expand in the capital goods industries.* Federal expenditures, so far from stimulating private expenditures, appear definitely to have retarded them, and while certain liberalizing amendments to the Securities Acts were passed at the last session of Congress the outlet for capital funds into new investment is still largely obstructed both by tangible and by psychological obstacles. Mr. Keynes admits the "perplexity and discomfort which the business world feels from being driven so far from its accustomed moorings into unknown and uncharted waters." But he doubts if it could have been avoided without "undue concession to conventional ideas." The whole question seems to be what is a conventional idea worth and how much shall we concede to it.

The government debt reached a peak of $26,594,000,000 on August 31, 1919, when it was $250 per capita. It had climbed to that impressive figure from one and a half billion dollars before our entry into the war. In the prosperous decade following the war (our prose writers are now busy coining descriptive adjectives for the period), the debt was reduced to $16,185,000,000 ($131 per capita). It is now at a new peak slightly above the war peak. Figures compiled by the League of Nations in 1933 show our per capita debt at $214, France's at $262 and Great Britain's at $696, but these figures are misleading because the per capita debt in this country is heavily increased by the large obligations of states and municipalities, which would bring the figure of $214 for the United States up to an estimated total of $372. On the other hand, the above figures do not include the indebtedness of France and Great Britain abroad, an incubus from which this country is happily free. Other computations showing the ratio of national debt to national wealth and to national income are favorable to this country, but here again it is possible

* See The Round Table, No. 94, March 1934, pp. 314–5.

to draw inferences which may be too sanguine. For the greatest part of the American national debt is carried in its banks. The Bank of England reports less than $450,000,000 of government securities (at present rates of exchange for sterling), against five times that sum in Federal Reserve Banks. The ten British clearing banks report less than $2,700,000,000 of all securities, as against $8,700,000,000 in government securities alone in the member banks of our Federal Reserve system.

III

THIS brings us to a consideration of the present banking situation in the United States. In the public mind the improvement in our banking situation is the most striking achievement of the New Deal. Most of the banks are now reorganized and reopened. Indebtedness of member banks to the Federal Reserve Banks and the Reconstruction Finance Corporation has been greatly reduced. Only two small bank failures have occurred in the last six months. Market values of corporation securities, notably bonds, in bank portfolios have increased. Government bonds are at record highs.

Nevertheless the present situation will not bear too close a scrutiny. In an able analysis of the condition of bank credit in the United States prepared by Mr. H. Parker Willis,* he points out the consequences of the fact that "the banks of the country are lending less and less (only about 19 per cent. of their total advances), through commercial loans, to active business and more and more to the government. The test of soundness and liquidity is the holding of government bonds. The constant encroachment of the government in all fields of business is tending to convert the credit paper of the country into the form of government paper, and, of course, tending to take it out

* *The Commercial and Financial Chronicle*, July 14, 1934.

of the bank-credit form of advances to business. Many banks are basing their operations more and more upon government securities as collateral—in other words, are asking that the paper of their customers be endorsed or guaranteed by the government." Most students of banking, he thinks, would consider this an unsound situation. But we are, he says, "living in a 'new era,' in which the teachings and experiences of the past are at a serious discount, and a mere reference to former dangers is probably not enough to emphasize the lessons and warnings that are applicable to existing methods of banking in the United States."

To-day the banks (Reserve Banks, member banks, non-member banks and mutual savings banks) are carrying in their portfolios no less than sixteen billion dollars of government obligations, or 60 per cent. of our entire national debt.

> The presence of this vast body of securities in the banks would be a source of instant danger, were it not for the artificial market for the bonds maintained by the Government itself, partly through the machinery of the Reserve Banks, partly through the direct purchases of the Treasury itself. It must not be forgotten (1) that the bonds are practically convertible into currency at Reserve Banks, and (2) that the so-called "stabilization fund" of some $2,000,000,000, established under the Devaluation Act of last January 30, as well as various subordinate funds and organizations of the Government, are being used, and may be used, as the Administration desires, for the maintenance of the current prices of government issues. The Government, by its act of seizure of the gold of the banks, is the proprietor of the entire gold of the nation, aggregating 4,500,000,000 (old) gold dollars. It is the evident belief of many members of the banking community that, with these vast resources behind it, the Government can succeed in keeping the bonds at, or above, par, and the paper currency thus equal to par in government bonds. The whole banking system is thus being made to rest upon and revolve around government credit; and the entire reliance of the nation rests upon the goodness of such credit. Whereas the banks were formerly the bulwark of government credit, they are now dependent upon it.

Mr. Willis points out that the prevailing confidence that government bonds can be kept at par is not warranted,

that the Federal Reserve Banks, denuded of their gold, "have long since ceased to be of any importance whatever in estimating the position of the nation from the standpoint of banking safety or liquidity." There is a limit to the extent to which banks may "buy" government bonds, marking up the proceeds in the form of deposit credits, which, when called for by depositors, can be paid in notes obtained from the Reserve Banks by pledging bonds. This ring-around-a-rosy stops when the public begins to suspect something is wrong. But, as Mr. Willis observes, the exponents of the New Deal in public affairs belong essentially to the same intellectual school as was responsible for the New Era of the '20's, a school which rejects experience as a guide in the affairs of men. The historians who deal in adjectives whereby to characterize decades may be bothered by the '30's. But some of them, studying the New Era and the New Deal, may retreat to the familiar Gallic aphorism, *Plus ça change, plus c'est la même chose.*

How much longer will banks be willing to place among their assets the unsecured notes of the nation representing the ability of future generations to be taxed? Federal needs are to take one-fifth of our income next year. Annual output of currency and credit is now probably nearly as high as current savings. The assets of the banks are largely represented by the evidences of our government's inability to pay its bills. Many financiers predict the emission of greenbacks or a further devaluation of the dollar or both. But there is as yet no manifestation of a panicky flight from the dollar into commodities, chattels or equities. Stocks are notably lower than a year ago. Some commodity prices are higher, but many of these are so much influenced by crop and drought conditions that they scarcely can be said to be indicative of the effects of an inflationary policy.

As for the Administration, it is said to be less confident than a year ago as to the efficacy of its monetary policy or the economically curative effect of a rising price trend. But some of the President's monetary advisers still insist

that their medicine is good, and that all the country needs is a more liberal dose. Senator Thomas, of Oklahoma, a leader of the inflationist school, is as positive as ever. His 1,400 word telegram to Mr. George L. Harrison, Governor of the New York Federal Reserve Bank, sojourning at Basle with the central bank governors assembled for the board meeting of the Bank for International Settlements, is a model of political vehemence, if not of sound economic theory. He "warns" Governor Harrison that any step taken to stabilize the dollar with the pound or tie it to a fixed weight in gold, "is a usurpation of the powers and prerogatives of Congress."

> Some bankers owning government and other fixed obligations, have acted as though they thought it would be to their advantage to retain this (the present) deflationary dollar. This might be so, provided they could do it without precipitating a social overturn or nation-wide repudiation. But the resulting ruination of farmers, bank depositors, home and other property and equity owners, by forced payment of increased taxes and unreduced debts in dollars of such greatly increased purchasing power, creates the feeling that mortgages and other contracts and the power to increase taxes are instruments of injustice. By attempting to hold us to this unjust dollar, you are helping to undermine the social sanctions upon which our free institutions rest . . . Our people must control their own money. England is the creditor end of the British Empire, just as Wall Street, which you represent, is the creditor end of the United States . . . The purchasing power of the dollar must be reduced to at least the level of 1926 . . . Your reported activities can lead to so many serious consequences, that I am communicating with my fellow members of Congress concerning them.

Mr. Harrison returned to the United States on the same boat with Mr. Montagu Norman. How will Mr. Thomas's friends in Congress regard so dire a portent?

IV

IN the general flux and turmoil, the N.R.A. has not been undisturbed. In May there was an enlivening period when Mr. Clarence Darrow pointed out its evils, and General Johnson its virtues. Mr. Donald R. Richberg,

who is becoming more and more prominent in the affairs of the N.R.A., is for economic planning,

> an ideal in harmony with political planning for self government . . . in harmony with the ideals of those who first wrote the Declaration of Independence, and then the constitution of the United States. To preserve and to fortify our democratic institutions, we are in effect seeking to write an economic constitution for the establishment of self-government in industry. If we can write into that constitution a representative form of government, based on a free choice, a free functioning of the representatives of all interests, using the sanction of political government merely to enforce the considered judgments of the majority, we may devise a method of industrial self-control which will last long after the present experiments in political control in other nations have disappeared.

But, apparently disheartened by the case of the pants presser in New Jersey who undercut the code price, the authorities are giving up the codes in "personal" service industries. Price-fixing provisions are no longer to be put into new codes. The Recovery Administration now (July 16) describes itself as "endeavouring in the light of its experience to formulate general policies so that interested parties and the organization itself may know and work toward definite N.R.A. aims." This can scarcely be construed as other than an admission that N.R.A., after thirteen months of existence, does not know its own definite aims and has not formulated its general policies.

But Dr. Rexford Tugwell, who has now been confirmed

Erratum. For Assistant Secretary read Under-Secretary.

[illegible] recovery' is the one panacea. All the while industry is making technological improvements. I find little evidence that advocates of 'business recovery' are weighing the consequences of technology; if they have any realization of what may happen, I have not heard of it. Among those who are obsessed with the speciously simple 'recovery' formula, there seems scant recognition of the human deterioration among the unemployed." A caustic person might

observe that among those obsessed with the speciously simple "reform" formulas, there seems scant recognition of any of the realities of life.

The secret of converting copper into the best gold was familiar to the alchemist Arnold of Brussels shortly before the discovery of America. All that was necessary was to take hens and put them in captivity so that they could not eat anything but beans. Then one took fifteen eggs from them, put them in a secret place, and let them stand until they were reduced to one. Then they were taken and put in a furnace and allowed to burn "with sufficient combustion." From this powder the best gold was obtainable, but only, the alchemist observed, "if you know how to operate wisely."

Alas, that Arnold of Brussels is not now accessible in our hour of need. For no doubt he knew how to operate wisely. Perhaps he could have calmed the new and disruptive discontent of labor and averted the general strike in San Francisco. The causes and significance of these labor disturbances are too profound to be dealt with in the compass of this article; it must only be said that we have certainly not seen the end of them.

But it must not be thought that we have achieved nothing permanently constructive or valuable in the last three months. On the evening of July 17, Jack Dillinger, America's most celebrated gangster criminal, walked out of the Biograph Theatre in Chicago into a federal police trap. Fifteen federal officers, who had lain in ambush for him for two hours and four minutes, closed in on him, and, as he was drawing his gun, shot him dead.

United States of America.
July 28, 1934.

THE PROTECTORATES AND THE UNION

A PROBLEM that has long been lurking in the shadows of South African politics has recently been thrust right into the limelight. That problem is the future of the Crown Colony of Basutoland, the Protectorate of Swaziland, and the Bechuanaland Protectorate, the three Imperial native territories in South Africa, hereinafter called for convenience "the protectorates." It is a problem that concerns the European and Bantu inhabitants of the three territories, the British Government whose High Commissioner rules them, the British taxpayers who assist them with grants-in-aid, the Union of South Africa whose territory either surrounds them or whose borders march with theirs for many hundreds of miles, and also the people and Government of Southern Rhodesia and the British South Africa Company.

Since the war voices have been raised from time to time in favour of transfer, either from within the Union or from the tiny European communities in the protectorates. In 1925 the newly installed Nationalist-Labour Government presented the British Government with a formal note asking for transfer; but, on being told that "certain obligations" made it impossible at the moment, they did not press the point. Again, at the abortive London Economic Conference of 1933, Union Ministers discussed the matter privately with the Secretary of State, and this time they were told that the moment was not propitious. Now they feel that their case is stronger. The Tshekedi incident in the latter part of 1933,* recently published

* THE ROUND TABLE, No. 94, March 1934, pp. 438 *et seq.*

information on the backward condition of the protectorates, and, finally, the coalition between the main bodies of the Nationalist and South African parties, have all encouraged them to revive their proposal. Towards the close of April General Hertzog raised the issue pointedly in the House of Assembly,* and there are those who believe that the forthcoming visit to Great Britain of his very good colleague, General Smuts, will not be occupied solely with his installation as Rector of the ancient University of St. Andrews. This being so, it may be well to state shortly what these protectorates are, how Great Britain came to be possessed of them, and, as far as can be estimated, the case for or against transfer as seen by the parties most directly concerned in South Africa.

I. The Three Territories

BASUTOLAND, wedged in between the Cape, the Orange Free State and Natal, alone of the three areas is entirely surrounded by Union territory. Swaziland is bounded on three sides by the Transvaal, and on the east by Portuguese East Africa. The Bechuanaland Protectorate, on the other hand, has many neighbours: the Transvaal to the east, the Cape Province to the south, the mandated territory of South-West Africa to the west and north, and Southern Rhodesia to the north-east. The geographical situation of the territories is thus important. Whatever happens in any one of them affects one or more neighbours; conversely, whatever happens in neighbouring territories affects them. For not even an Imperial protectorate can live to itself alone.

The Bechuanaland Protectorate is far and away the largest of the three. It has never been surveyed accurately, but it covers at least 275,000 square miles, say three-fifths of the area of the Union itself, or three times that of Great Britain.

* *Cape Times*, April 26, 1934.

Basutoland is much smaller, some 12,000 square miles, rather less in area than Switzerland, which it resembles so closely, both in configuration and in its enclosed position in a State system. Swaziland is smaller still, a mere 7,000 square miles, equivalent to the area of Northern Ireland. Taken together, the protectorates cover nearly 300,000 square miles, an area one and a half times that of Germany.

It is hard to estimate the numbers of their inhabitants, since no authoritative figures are available since 1921. What is certain is that Basutoland is much the most densely populated of the three, for there were nearly 500,000 Basuto at that date. Swaziland came next in density with 110,000, and Bechuanaland a bad third with 150,000. Taking the three territories together, there were then some 6,000 Europeans, including officials and their families, nearly half of them in Swaziland, and close on 3,000 coloured folk and others. It would not be far wrong to say that there must be to-day nearly 1,000,000 Bantu all told, perhaps half of them in Basutoland, as against 10,000 or 11,000 Europeans and coloured people.

The means by which Great Britain became possessed of these territories has an important bearing on the problem of transfer to the Union. None of them was taken by conquest; the chiefs came under British rule either at their own request (in Basutoland and Bechuanaland) or by treaty (in Swaziland), and all in the furtherance of the aims of British policy. Under these circumstances certain questions have to be faced squarely. Can the British Government divest itself of its responsibilities unless the tribesmen agree that it should? And ought the Union to ask it to do so?

To tell the full story of the annexations and the causes thereof would be to traverse nearly a century of South African history. It is sufficient here to recall that in the eighteen-thirties Moshesh, chief of the Basuto, probably the ablest man that ever ruled a Bantu people, built up a confederacy of tribes in the mountainous area that lies

to the west of the Drakensberg, the backbone of South Africa, and in the adjacent cornlands that lie on either side of the upper Orange and Caledon rivers. Competitors for those cornlands appeared presently in the shape of European emigrants from the Cape Colony. The pushing and jostling for lands to which neither party had an unimpeachable claim led at last to heavy fighting between the Basuto, who were determined to hold on to all they could, and the Free Staters, who were moved by a like ambition and by a resolve to break up the Basuto confederacy. The Basuto war of 1865–68 either actually involved, or threatened to involve, all the South African states and colonies, till at last the then High Commissioner, Sir Philip Wodehouse, having wrung a reluctant assent from the Secretary of State, promptly exceeded his instructions and annexed Basutoland outright, trusting to come to terms with the Free Staters about frontiers afterwards. In spite of his frontiersmen, President Brand agreed to divide the cornlands fifty-fifty. All to the west of the Caledon went to the Free State, which still speaks of them as the Conquered Territory; on those to the east of the river, the Basuto were enabled to maintain their tribal life, though with increasing difficulty.

For some years, from 1871–84, Basutoland was administered as a separate territory by the self-governing Cape Colony; but attempts to disarm the tribesmen, combined with threats to some of their land, led to a war in 1880, in which the colonial levies got the worst of it and the peace of the Free State was imperilled. In the end, the Cape handed Basutoland back to the Imperial authorities in 1884, and in their hands it has been ever since.

The story of Swaziland is even more chequered. Swaziland slopes down from the eastern edge of the Drakensberg in three great steps to the low Lebombo mountains, which separate it from Portuguese East Africa. The topmost strip, the high veld, 4,000 feet up, is healthy and

well-watered; the next, the middle veld, is at least well-watered, but the last, the low or bush veld, is hot in summer, malarious, and poorly watered. In the early days, the Swazis were usually the good allies of the Transvaalers, if only from fear of the neighbouring Zulus. But Swaziland lies between the Transvaal and Delagoa Bay, and in 1875, when the Transvaal was contemplating a railway to that port, Mbandini, king of the Swazis, was induced to set his mark to a treaty which made him a subject of the republic. Then came the British annexation of the Transvaal and Swaziland and all, and in due course the retrocession. But Swaziland was not returned. Both the Pretoria Convention of 1881 and the London Convention of 1884, which superseded it, guaranteed the Swazis their independence.

Presently Swaziland became the scene of a wild scramble by concessionaires, behind whom moved the rival Governments of Natal and the restored South African Republic seeking to gain control. Soon the bibulous Mbandini had given away almost every concession that the wit of man could devise, and then his unhappy country was caught up in the web of Imperial policy. To cut a long story short, by the Swaziland Convention of 1894, the territory was placed under the administration of the South African Republic, but to the very end Great Britain refused to allow President Kruger to incorporate it completely in his State. At the close of the South African war, Great Britain, having annexed the Transvaal and its dependencies, placed Swaziland under the control of the Governor of the new Crown Colony; but in 1906, just before the Transvaal was granted self-government, it transferred the administration to the High Commissioner. Meanwhile the now defunct Mbandini's concessions had been laboriously disentangled, with the result that, as far as land was concerned, about one-third of Swaziland remained to the tribesmen, while the rest was either secured to the concessionaires or became Crown lands.

The story of Bechuanaland is also a complicated one. The whole region that is loosely called Bechuanaland lies along the western borders of the Orange Free State and the Transvaal. The eastern belt, nearest to the two ex-republics, is comparatively hilly, thinly covered with grass, shrubs and trees, and moderately furnished with *fonteins* (springs). To-day bore-holes usually find water there. But though vegetation persists in the vast undulating bulk of the territory further west, surface water is lacking and bores too often strike solid red granite. The central area fades away into the Kalahari desert, of which the less said the better. Malaria is prevalent more or less throughout.

The key to the history of Bechuanaland is the eastern strip, for it is very fair cattle country, and through it ran first the Missionaries' Road from the Cape to central Africa, and, later on, the Cape-to-Cairo railway. From time to time, from the eighteen-forties onwards, the Transvaalers laid claim to varying extents of the country, but for numerous reasons—usually British opposition—they never made good those claims. The crisis came in 1885. Spurred on by fear that the Germans, who had just established their footing in south-west Africa, would join hands with the expansive Transvaalers and thus cut off British and colonial trade from central Africa, the Imperial Government sent Sir Charles Warren up with troops to warn off white competitors. Bechuanaland south of the Molopo river became the Crown Colony of British Bechuanaland, while, by arrangement with the chiefs, the rest of the territory farther north so far as the borders of Lobengula's Matabeleland became the Bechuanaland Protectorate.

It was through the Protectorate that Rhodes's British South Africa Company advanced to occupy the Rhodesias; indeed, under the charter of 1889, the Protectorate was described as part of the "principal sphere" of the company's operations. Rhodes always hoped that it would pass under Chartered rule. That did not happen. In the middle of 1895 British Bechuanaland was indeed incor-

porated in the Cape Colony, of which Rhodes was Premier; but in face of the protests of the leading Bechuana chiefs, led by Khama, chief of the Bamangwato, no more than a railway strip along the Transvaal border was handed over to the Chartered company. It was from that strip that some of the Jameson Raiders started at the New Year of 1896, thus effectually ending all immediate prospect of any further transfer to the company. The long-drawn-out South African war of 1899—1902 rendered any comprehensive settlement difficult; but it can be said that between 1895 and 1904 Khama and other chiefs accepted substantial reserves; title to the lands in the Tuli, Gaberones and Lobatsi Blocks along the railway and the Transvaal border, and in an isolated block near Lake Ngami, was vested in the company under certain reservations; while the remainder of the lands, a very considerable area, were vested as Crown lands in the High Commissioner. Further, the British South Africa Company retained certain mineral rights, a fact that will have to be considered if the question of transfer to the Union or anyone else is to be carried through.

All three protectorates are administered under the Dominions Office. The High Commissioner is in effect Governor. He legislates by proclamation and administers through a resident commissioner in each territory, and through a civil service which is distinct from the British colonial service and which, since union, has been staffed to a considerable extent by South Africans in order to ease the transition to Union control, which has never been lost sight of. In Basutoland the chiefs retain a large amount of jurisdiction, adjudicating in purely native cases, subject to an appeal to the magistrates' courts. A further appeal lies to the court of the resident commissioner, on which, since 1928, a judicial commissioner may sit either alone or with the resident commissioner. A final appeal lies to the Judicial Committee of the Privy Council. The Pitso, the Basuto national council, consisting of 95 members nomin-

ated by the chiefs and five nominated by the Government, meets regularly to advise on native affairs, but possesses no executive powers.

The system is much the same in the large tribal areas of Bechuanaland and Swaziland. Since 1920 the Bechuanaland administration has been assisted by two advisory councils, the one European, the other Bantu, while in Swaziland a European advisory council has been elected regularly since 1921. In both territories appeals from the magistrates' courts have lain, since 1912, to a special court presided over by a judge or advocate of the Supreme Court of the Union.

The revenues are exiguous and expenditure necessarily hardly less so :—

1931–2.	Revenue.	Expenditure.
	£	£
Basutoland	266,869	280,189 (Education, £45,734 ; Police, £35,415)
Bechuanaland	106,635	155,820 (Police, £29,813 , Capital Works, £27,548; Education, £5,022)
Swaziland	111,839	118,756 (Police, £17,756 ; Allowances to Chiefs, £14,288 ; Public Works, £13,912 ; Education, £10,531).

Those figures speak for themselves. With resources such as these not even the most enlightened administration can do much to further the material or spiritual progress of the tribesmen committed to its charge. Those figures also constitute one of the strongest arguments of the Union, and of the Europeans within the protectorates who desire it, for a speedy transfer to the Union.

II. Arguments and Opinions

As far as can be judged in the present nebulous stage of the debate on transfer, the Europeans in Basutoland are interested but divided, while the more considerable body in Swaziland hesitates to express an opinion until the conditions of transfer are made clearer. The real agitation for transfer comes from the European farmers in Bechuanaland.

These dwell in the three blocks along the railway line and the Transvaal border, and the Ghansi block near Lake Ngami, which have already been mentioned, and in the Tati district further north on the borders of Southern Rhodesia. In 1924 and 1926 many of the inhabitants of the three railway blocks petitioned the United Kingdom Government and the Union Government for at least the incorporation of those areas in the Union. Their request was refused; but now, in response to General Hertzog's pronouncement, a delegation from Tuli, Gaberones and Lobatsi, with the support of the distant men of Ghansi, has repeated the demand. The deputation claims to speak for 98 per cent. of the adult white population in the three first-named areas, but it is clear that some are hanging back; for the deputation states that some traders would probably support the movement for transfer if they could be assured that the transferred territories would not be swamped by "an undesirable type of trader, such as Asiatics and so on," who would exploit the natives and menace old-established firms. The deputation also observes that representation in Parliament would facilitate matters. Tati, for its part, looks for incorporation in Southern Rhodesia.

There is much to be said for the point of view of the small and isolated European communities in Bechuanaland, and indeed in the other Protectorates. The geographical and administrative advantages of incorporation are as clear to them as they are to the Pretoria authorities. Many of them are bound to the Union by ties of blood or marriage; all of them, and their Bantu neighbours also, are really parts of the Union's economic system; they are treated as parts of the Union for customs purposes; their law is based on that of the Union or, at the least, of the old Cape Colony; a Union lawyer presides over their highest local courts. They can hope for more assistance from the comparatively wealthy Union than from their own poverty-stricken Governments; they can hope to avoid the embargoes that

for one reason or another the Union is apt to put upon their cattle, far and away the principal product of the protectorates; they can expect greater facilities for the prospecting and working of minerals, which are at present limited to a little gold- and tin-mining in Swaziland, to the merest beginnings in the non-tribal areas of Bechuanaland, and to nothing at all in Basutoland.

Most of the above-mentioned arguments when turned the other way round become the Union's arguments for the transfer of the protectorates. Representatives of the great Johannesburg mining interests came out strongly in favour of immediate transfer even before any official pronouncement was made in Parliament, and one London paper even suggested that the campaign for transfer would furnish "a rallying point for the new party fusion," appealing on the one hand to Afrikanders anxious to see the last of Imperial rule in southern Africa, and on the other to Rand interests keen to develop the minerals of Bechuanaland and to draw upon the supplies of native labour more freely even than they do at present. There is truth in that interpretation, though by no means the whole truth. It is further stated openly, sometimes with approval, sometimes with disapproval, that the inclusion of the protectorates would give the Union great areas of Crown land with which it could implement its promise made long ago, on the passing of the Native Lands Act of 1913, to give the Bantu more reserves in exchange for the limitations then put upon their right to purchase land freely. Crowded Basutoland and Swaziland would not afford any relief; there are probably few responsible people to-day who would repeat the bland suggestions of the Prime Ministers of the Orange Free State and Natal at the time of Union that the Basuto should be asked to give up part of their country in exchange for land in the Bechuanaland Protectorate. But the fact remains that there are vast empty tracts in Bechuanaland available as reserves, and though the quality of much of that land is poor, a good deal could be done with

it by an administration that was prepared to spend money. But whatever weight may be allowed to these considerations, it would be unfair to the Union Government and people to rank them above the administrative considerations that General Hertzog put forward in Parliament.

Economically, the interests of the territories are inseparable from the Union. It is to the Union that they must look for an outlet for their marketable produce. Swaziland, it is true, geographically could find an independent outlet to the outer world through the Portuguese port of Lourenço Marques, but from a practical point of view this is a possibility hardly worth considering, and the Portuguese territory could offer no prospects as a market. At present, and for as far ahead as anyone can see, the native inhabitants of the territories are, and must continue to be, dependent for their livelihood on employment in the Union. The gold mines of the Witwatersrand alone employ at present about 45,000 native labourers from the three territories, and without their earnings the communities from which they are drawn could not maintain themselves. The tribal lands are no longer adequate for the support of their people on the tribal methods of cultivation. Basutoland is a tragic example of neglect. Overstocking, primitive methods of cultivation and soil erosion on a vast scale have ruined the productive capacity of the land, and the family incomes cannot meet requirements without the earnings of the able-bodied men in the labour market of the Union. A large expenditure is required immediately if the soil of Basutoland, or what remains of it, is to be preserved from erosion and exhaustion.

The maintenance of peace and order in the territories is also a matter that very intimately concerns the Union. There is no force in the territories capable of dealing with any disturbance of the peace on a large scale. In the Tshekedi affair, as will be remembered, the naval squadron at Simonstown was called upon to carry out a demonstration in force in Bechuanaland, but distance, to say

nothing of other considerations, would make it difficult to rely upon the navy in a case of sudden and real emergency.

It is from the native peoples themselves that there comes the chief opposition in South Africa to the proposed transfer. It may be that many natives in Bechuanaland are in favour of transfer, but fear to speak out. In any event, they have not spoken out, and the only authentic Bantu opinion we know at the moment is dead against transfer, as it has always been. The chiefs petitioned Prince George, during his recent tour of southern Africa, that they might remain under the Crown; since then the executive committee of the Cape Native Voters' Convention has declared against transfer. The protectorate natives may be poor, and some of them may grumble against the half-hearted system of dual control, which guarantees to their chiefs their remaining powers and yet relieves them of the healthy checks and responsibilities of untrammelled tribal life; but the chiefs feel that their powers are safe, their followers feel that their lands are safe, and all of them feel that, on the whole and within the means at their disposal, their rulers are sympathetic. Loyalty to the chief is still among the Basuto and Swazis a deep and powerful sentiment, and that same sentiment would influence them to resist being removed from the direct government of the King to an impersonal power like the Union Government, of which they know little and to which that little does not attract them. The Basuto hold strongly to the tradition that when their chief Moshesh surrendered to the Imperial authorities it was promised that the nation would always be ruled by the Great Queen or her successors. They will not be easy to persuade that a transfer to the Union is not a breach of that promise. "Tell her Majesty," said Moshesh, "that I have given her myself and my blanket, and the lice in my blanket." To-day, as the mail train crosses the Caledon river bridge to make the run to Maseru, the administrative capital, over the solitary mile of line in all Basutoland, a Basuto policeman comes stiffly to attention

beside the tall flagstaff from which floats the Union Jack. He stands there for his people, the lice in the blanket, whom Father Moshesh gave to the Great Queen.

III. Native Policy and the South Africa Act

THE problem of the future status of the three protectorates thus largely turns on the "native question." This, indeed, was recognised by the framers of the South Africa Act of 1909, who accordingly attached certain conditions to the transfer that they obviously contemplated would take place before long. Section 151 of the Act lays down that

> The King, with the advice of the Privy Council, may, on addresses from the Houses of Parliament of the Union, transfer to the Union the government of any territories, other than the territories administered by the British South Africa Company, belonging to or under the protection of His Majesty, and inhabited wholly or in part by natives, and upon such transfer the Governor-General in Council may undertake the government of such territory upon the terms and conditions embodied in the Schedule to this Act.

The Schedule was the result of a compromise.* Lord Selborne desired to extend to the protectorates after transfer a system that had been instituted in Natal after the Zulu rebellion of 1906, whereby an expert and more or less permanent commission should rule, subject only to the most general control by the Union Parliament. The South African politicians, fearing an *imperium in imperio*, would not consent to it. At an early stage the High Commissioner, speaking for the Secretary of State, had to warn them

> that it would be practically impossible to secure the assent of the House of Commons and the country here to any Constitutional Act

* An account of the negotiations and some of the correspondence that passed between Lord Selborne, the then High Commissioner, and Sir Henry de Villiers, who as President of the National Convention stated the views of the South African delegates, can be found in *Lord de Villiers and His Times*, by E. A. Walker, chap. xxv.

which failed explicitly to provide for the security of the native population in the protectorates;

and thereafter he and the Colonial Secretary gave way on many points, "fully relying," as Lord Crewe said on one occasion, "on the Union Parliament to deal with these matters in a reasonable and liberal manner."

The effect of the Act and the Schedule is that any territory transferred is not to be incorporated in the Union, but is to be administered as a separate territory, under the Prime Minister, advised by a permanent commission. The legislative authority is not to be the Union Parliament, but the Governor-General in Council. His proclamations in that capacity would have to be laid before Parliament, and would have to be repealed if both Houses should, in the same session, pass resolutions requesting repeal. Otherwise the Union Parliament is to have no direct control over the territory, nor is there to be any direct representation of the inhabitants in Parliament. The King may disallow any such proclamation within one year from its date. No land in Basutoland, and no land forming part of native reserves in the other two territories, is to be alienated from the natives. It is not necessary to discuss in detail the other provisions of the Schedule to the Act in which this form of government is prescribed, beyond making it clear that what was intended by transfer of any of the territories was not incorporation in the Union, but government as a separate territory, with due regard to native interests. Any Bill passed by the Union Parliament amending or altering the provisions of the Schedule has to be reserved for the signification of His Majesty's pleasure.

In one important respect, however, the constitutional effect of the Schedule has been changed since the passing of the South Africa Act. At that time disallowance by the King and reservation of Bills for the signification of His Majesty's pleasure involved reference to an authority outside the Union. But since the Imperial Conference of 1926 it has been an accepted principle that, in exercising

powers of disallowance in respect of Dominion legislation, or dealing with Bills of a Dominion Parliament reserved for the King's pleasure, His Majesty should act upon the advice of his Ministers in that Dominion. This principle has now been made part of our South African law by the Status Act passed last session. It is clear, therefore, that the inhabitants of a territory administered under the Schedule will no longer be able to look to the Imperial Government as an ultimate controlling power over any legislation or amendment of the Schedule by the Union Parliament. There can be no doubt that this consideration weighs heavily with the native peoples of the territories in forming their opinion on the question of transfer.

It must be recognised, however—as it always has been recognised—that, at any rate in the case of Basutoland and Swaziland, transfer to the Union is ultimately inevitable. It is impossible to conceive that these two small enclaves in Union territory can continue indefinitely to be administered by a different Government. The case of the Bechuanaland Protectorate is not so obvious. Parts of it may find a closer affinity with Southern Rhodesia. But that it can continue its separate existence indefinitely is also unthinkable. Recognition of this fact has had, at any rate since the Act of Union was passed, a paralysing effect upon the administration of the territories. This is in itself a strong reason for taking action in the near future. The only justification for a refusal to terminate the present state of uncertainty, so detrimental in its effects on both parties, must be a reversal of the hitherto accepted policy regarding the ultimate destination of the territories.

The reason most commonly urged against transfer is distrust, or positive dislike, of the policy of the Union in native affairs. The colour bar, whether legal or customary, by which natives are excluded from most skilled occupations, the pass laws, the lack of interest in native education, all have their part in creating an atmosphere hostile to the handing over of these native peoples to the Union Govern-

ment. No doubt, the Union's record in native administration is on many points open to criticism. On the other hand, the impression created in certain quarters, that the attitude of the Union Government to its native people is one of selfish injustice, is quite unjustified by the facts. The Transkei, where large native communities are living under an efficient and progressive system of local self-government, is an object lesson which should be allowed to count for something on the other side. Overseas critics, moreover, will do well to remember that it is not a question of an illiberal Afrikander policy against a potentially liberal British policy. Some of the most outspoken champions of "White South Africa" are men of British stock, and conversely there are Afrikanders who hold a thoroughly liberal policy.

The suggestion which is sometimes made in England, that the Union should produce an acceptable "native policy" before the question of transfer could be considered, is not a reasonable contribution to a solution of the problem.* What is usually called "the native question" here covers the whole ground of the relations, political, social and industrial, between white and black in South Africa. These are matters of growth and development in public opinion, which, as it moves, is reflected, and to some extent directed, by changes in government policy and action. No statement of policy in set terms could adequately lay down the lines on which that development should proceed.

It may safely be asserted that even those South Africans who hesitate to see their Government take over the protectorates, at all events until it has proclaimed its future policy for the natives already in the Union, would agree that, if the terms of the Schedule were loyally carried out, the protectorate natives would not suffer and might even benefit. They have every reason to believe that their present Ministry, which contains a strong liberal wing,

* See p. 802 for the opinion of Lord Selborne's committee on this point.—Editor.

would conform to the Schedule in letter and in spirit. The real safeguard for the Schedule lies, where it has always lain, at all events since the war, not in the right of reservation but in the good sense and decency of the majorities in the Union Houses of Parliament.

Nor can one regard the opinion of the natives as entitled to the decisive word on a question such as this, involving as it does considerations of their present and future interests which the great majority of them are not capable of appreciating. It is on such considerations that the question must ultimately be decided, and it should not be beyond the reach of statesmanship to lay down a system of government, with the guarantee of the Union Government and Parliament, which would be satisfactory to the European friends of the natives, and which the natives could be advised to accept. In any case action should be taken soon one way or the other. The worst policy is that of drift and suspense.

Meanwhile, the Dominions Secretary has repeated the promise, made from time to time by himself and others of equal authority from 1909 onwards, that there will be no transfer without adequate discussion at Westminster, the fulfilment of the terms of the Schedule, and consultation with the European and Bantu inhabitants of the protectorates—a reminder that transfer must take some time to effect. But we are wondering whether the appointment of Sir William Clark as High Commissioner in succession to Sir Herbert Stanley, with the brand-new title of "High Commissioner for Basutoland, the Bechuanaland Protectorate and Swaziland," presages a brand-new and more amply financed Imperial policy. For that alone could provide a sufficient answer to the strong Union claim for speedy transfer.

South Africa.
July 1934.

The Protectorates and the Union

IV. A Postscript from London

WHATEVER may be the force of the arguments for the immediate transfer of the three protectorates to the Union, it is clear that British official and public opinion is not ready to accept them without the most careful investigation. The arguments in favour of transfer are not, perhaps, fully known in the House of Commons; nor, perhaps, is it yet generally recognised there that on any reasonable interpretation of the South Africa Act the present régime in the protectorates was intended to be no more than temporary. An informal parliamentary committee, under the chairmanship of Lord Selborne, has been formed to consider the whole problem. It has so far expressed no opinion on the rights and wrongs of transfer, but it has carefully analysed the constitutional position. It has pointed out that the passage of the Statute of Westminster and the Status Act does not alter the fact that the general conditions (though not the time) of transfer were agreed between South Africa and the United Kingdom Parliament and set forth in the Schedule to the South Africa Act. Now that the security originally contemplated for their observance has been removed, clearly some new agreement to replace that security will be necessary which is appropriate between autonomous communities within the British Commonwealth. In the committee's view,

It does not seem reasonable to ask either the native or the European inhabitants of the territories to express an opinion on the proposed transfer before the report of the Select Committee (of the Union Parliament on native affairs) has been published or before they know the native policy which the South African Government and Parliament have adopted.

Caution is the key-note of informed British opinion on this matter. Parliament clearly recognises its obligations towards the inhabitants of the protectorates, and knows, moreover, that its decision is bound to have repercussions far beyond the borders of the Union.

CRISIS IN THE CANADIAN CONSTITUTION

SINCE the law and custom of the Canadian constitution were last reviewed in The Round Table,* far-reaching changes have resulted from the Imperial Conference of 1930 and the Statute of Westminster. Round these changes, which are of general or possible application to the British Commonwealth as a whole, has gathered a voluminous literature of exposition and criticism, to which no one would lightly wish to add. On the other hand, many of them have a special Canadian aspect which deserves attention. There have also been developments in Canada concerning the Judicial Committee, and the interpretation of the law of legislative powers, while the economic situation has exposed fundamental defects in the working of our constitutional law and has noticeably aroused the public awareness of these problems.

I. The Governor-General

THE Imperial Conference of 1930 laid down certain rules regarding the office of Governor-General. The parties interested in his appointment are His Majesty, whose representative he is, and the Dominion to which he is appointed. Constitutional practice, to the effect that His Majesty acts on the advice of his responsible Ministers, applies to the appointment of a Governor-General, the Ministry responsible for the advice being that of the Dominion. The channel for communication between His Majesty and the Dominion is a matter that concerns them

* See The Round Table, No. 89, December, 1929.

alone, and the manner in which the instrument containing the Governor-General's appointment should embody the principles thus set forth is also a matter upon which His Majesty is advised by his Ministers in the Dominion.*

In the spirit of these agreements, and on the responsibility of the Canadian Cabinet, the letters patent of June, 1905, constituting the office of Governor-General for Canada, were revoked, and in March, 1931, new letters patent were issued under the Great Seal of the Realm, and the royal warrant authorising its application was countersigned as the law demands. This royal warrant contained for the first time a statement recording that the proceedings were taken at the request and on the responsibility of the Prime Minister of Canada, who also countersigned the Governor-General's commission. Obviously there has been advance towards constitutional autonomy, as well as an inexplicable compromise. There does not appear to be any reason in law or practice—and certainly none exists in the British North America Act—why the letters patent should not issue apart from any intervention by a Minister in the United Kingdom. The matter, however, may be of little importance, as the action taken in March, 1931, does not necessarily bind Canada for the future.

The instruments and instructions are of more interest. There are a few changes of significance : there is no longer any mention of instructions by order of the Privy Council or through one of His Majesty's Principal Secretaries of State, and leave of absence can be given to the Governor-General by the Dominion Prime Minister. These signs of constitutional progress, however, are of little import compared with the survivals that continue. The Governor-General is still ordered to transmit to London all laws assented to by him or reserved by him, with marginal abstracts, along with fair copies of the journals and minutes of the proceedings of the Parliament of Canada. It is very difficult to understand either why such instructions were

* Cmd. 3717, p. 27.

included or how they can be carried out. They have been defended on the ground that, although assent and reservation are governed by the resolutions of the Imperial Conferences of 1926 and 1930, yet the British North America Act in this respect still remains law. The defence is an ingenious administrative afterthought invented to cover lack of skilful insight; and, as a matter of fact, it both proves too little and proves too much. We might well ask, if the argument were sound, why the instructions do not specifically include everything that the Governor-General is ordered to do by the British North America Act. We might also ask, under what law—it is certainly not the British North America Act—is the Governor-General to annotate the laws of Canada that are passed, or forward to England the fair copies of the minutes and proceedings of the Parliament of Canada.

Then, too, since the Governor-General is the personal representative of His Majesty and "is not the representative or agent of His Majesty's Government in Great Britain or of any department of that Government,"* where is all this meticulously safeguarded material to be sent? On the basis of existing agreements, the guardianship can be only of the kind provided in such unfortunate terms by the Imperial Conferences for the Colonial Stock Act,† and presumably some peculiar shrine will be created

* Cmd. 3717, p. 27.

† The safeguards of the Colonial Stock Act were recently brought in question when the Government of the Union of South Africa proposed to repeal the section of the South Africa Act, 1909, under which Union legislation may be disallowed. After consultations with the Government of the United Kingdom, the Union Government gave a voluntary undertaking, which is to replace the constitutional safeguard. South African legislation that appears to the United Kingdom Government to alter any of the provisions affecting trustee stocks to the injury of stockholders, or to involve a departure from the original contract with them, will not be submitted for the royal assent except after agreement with the United Kingdom Government. A Bill has been presented to Parliament at Westminster authorising the Treasury to accept an undertaking in the agreed form from any Dominion Government that prefers this alternative to the existing constitutional provision.—Editor.

for the purpose in London. No other argument can justify either sending the laws of Canada and like documents to England, or the exercise of the discretionary power of reservation. More unfortunate still is the survival of express instructions to the Governor-General to take into his own special consideration, after receiving ministerial advice, any criminal case where a pardon or reprieve would affect the rest of the Empire or any place beyond the jurisdiction of the Canadian government. Not only is the retention of such a clause singularly inexpert, but the clause itself is unworkable. It assumes a situation in which the Canadian Ministers would not decide with wisdom and statesmanship, while action under it would place the Governor-General himself in an impossible position.

The truth is that the whole question of the Governor-General's instructions has never been squarely faced, nor the propriety of their continuance in any form examined. The instructions are given on Canadian advice and are drawn up in Ottawa. There is no necessity for them whatever, and any reference to them ought to have been eliminated from the letters patent, since both the reference and the instructions themselves are relics of outworn conditions. Indeed, it is unfortunate that the office of Governor-General was not recreated as a viceroyalty in the fullest legal sense. Whatever the changes in custom may have been, he remains in law an officer whose powers and functions, while ample and adequate for the executive government of Canada, are yet definite and defined. In addition, he is still under legal disabilities imposed by statutes of the United Kingdom. It would be wise to place the entire procedure of appointment under the Canadian Seal, while in the future the exact ambit of the viceregal prerogatives must be worked out in Canada.

II. The Statute of Westminster

THE Statute of Westminster has given Canada and its provinces certain powers, some of which need reconsideration, while at the same time it has introduced further statutory rigidity. Under the influence of the Prime Ministers of Ontario and Quebec,* the Prime Minister of Canada was forced, during the Imperial Conference of 1930, to leave vague certain aspects of the proposed Statute of Westminster until he had consulted the provinces. The result of the consultation was that the Statute excludes all constituent powers in Canada. The British North America Acts, 1867-1930, are specially protected, and it is clear that any future amendment to them enjoys a similar protection†. We shall return to this subject later. Other aspects of the Statute of Westminster are of importance here. Canada has already begun to exercise its powers under the Statute. The disputes over extra-territorial legislation have been disposed of by a statute that gives extra-territorial force to every statute of Canada enacted before December 11, 1931, which explicitly or implicitly was intended to have such application.‡. This precedent will be followed in future federal legislation. We need not discuss the dangers that are supposed to lurk in the exercise of such power, as they are problematical and concern the United Kingdom as much as Canada. One point of importance, however, does arise. Canada and, more recently, the United Kingdom have passed statutes on the nationality of married women in the terms agreed on at the Hague Conference of 1930 and the Imperial Conference of the same year.§ Under this legislation a Canadian woman does not lose her status as a Canadian citizen and subject of His Majesty if she does not acquire her husband's

* *Law Quarterly Review*, Vol. 48, pp. 191 *et seq.*
† *Juridical Review*, Vol. 45, pp. 337-8.
‡ The Extra-Territorial Act, 1933 (23 and 24, Geo. V., c. 39).
§ Cmd. 3717, p. 22.

nationality on marriage.* No other State in the British Commonwealth has adopted similar legislation. Are the Canadian women affected subjects of His Majesty only in Canada and in the United Kingdom, and not in the other Dominions? There is no evidence that the statute of the United Kingdom is intended to apply to Australia, New Zealand, South Africa, and the Irish Free State; and in the light of the preamble to the Statute of Westminster we must not presume such application. Furthermore, the statute of the United Kingdom cannot be taken as implementing the Canadian statute, for no request to that effect was made by Canada. Here is, then, a possible conflict of laws, a possible hurt to one of His Majesty's Canadian subjects which should be erased.

The Canadian Criminal Code Amendment Act of 1933 has formally abolished appeals to the Judicial Committee in criminal cases. This action is taken under the authority granted by the Statute of Westminster to repeal or amend any Act of the Parliament of the United Kingdom applying to Canada—in this case the Judicial Committee Acts.† Many difficulties and possibilities emerge from this initiative. The Canadian legislation clearly requires careful interpretation. The abolition of the appeal in strict criminal cases is a simple matter, but the term might be taken to cover penal provincial statutes. We might have conflict between a criminal judgment given by the Supreme Court of Canada, and an opinion from the Judicial Committee on a civil appeal. It is perfectly true that under the Statute of Westminster the Dominion can bar all appeals from federal courts to the Judicial Committee, but it cannot bar appeals from the provincial courts. On the other hand, under the same statute the provinces have the power, specifically requested by them, to abolish appeals to the Judicial Committee from their own courts. Here is a situation of grave importance. The complete abolition of

* An Act to amend the Naturalisation Act (21 and 22 Geo. V., c. 39).
† 3 and 4 Will. IV., c. 41; 7 and 8 Vict., c. 69.

appeals to the Judicial Committee, apart from all legal problems, is essentially a matter for wise agreement. For one or two provinces to take independent action would be chaotic; and we must take care that we do not create a situation such as existed for many years in Australia.

In actual fact, there is little likelihood at the moment of any further legislation in this connection by the Dominion or the provinces. The legal profession still remains conservative. However, the opinion is gathering strength that Canadian law must be finally interpreted in Canada, and we are told less frequently to-day that the jurisdiction of the Judicial Committee is necessary to protect religious, racial and minority rights. Indeed, those most concerned with such rights are gradually finding out that the protection of the Judicial Committee has been a myth skilfully exploited by the politically wise.* Still more significant are the utterances of important public men. As president of the Canadian Bar Association, Mr. L. S. St. Laurent, a distinguished member of the bar in the province of Quebec, declared :—

> There is no doubt a growing feeling in Canada that, at least in ordinary disputes between parties, final decisions should be arrived at in our own courts . . . I have no doubt that some day ordinary clients will be content . . . to accept their fate from our own Canadian courts.†

The statement of the Hon. Ernest Lapointe is even more important, since he is one of the most outstanding Ministers of Justice that Canada has ever had, and since his words are more comprehensive than those of his fellow French-Canadian. Speaking at Montreal, on January 16, 1932, Mr. Lapointe said :—

> Je ne puis trouver une seule raison justifiant le Canada d'être le seul pays au monde de son rang, sa population, et son intelligence à confesser son incompétence à décider lui-même ses conflits judiciaires. . . . Notre magistrature et notre barreau n'ont rien à envier à

* Cf. "The Privy Council and Minority Rights" in *Queen's Quarterly* (1930), pp. 668 *et seq.*

† *Canadian Bar Review* (1931), pp. 335 *et seq.*

ceux d'aucun autre pays. Les partisans de l'appel au Conseil Privé disent qu'il est un lien entre les Dominions et la Couronne, qu'il procure à tout citoyen britannique le droit d'aller au pied du trône pour avoir justice, et surtout qu'il est une protection pour les minorités. D'abord, il n'est pas vrai que tous les citoyens britanniques vont au pied du trône par l'entremise du Conseil Privé . . . si l'on se rappelle les conflits en Irelande, en Australie et même au Canada, à la suite de certains jugements du Conseil Privé, il est difficile d'y trouver un lien puissant avec la Couronne . . . Quant à la protection des droits minoritaires par le Conseil Privé, c'est une legende . . . je veux attaquer ce fantôme, ce mythe du Conseil Privé protecteur des droits minoritaires à l'encontre de notre Cour Suprême. Et je supplie mes compatriotes de ne pas se prêter aux manœuvres des réactionnaires qui ont combattu chaque développement de l'autonomie canadienne, et qui proclament avec jactance que c'est Québec qui maintiendra le droit d'appel en Angleterre. Nos droits et nos traditions, nous en sommes nous-mêmes la meilleure protection et la sauvegarde la plus sûre. Aucune autorité en dehors du pays ne saurait les protéger efficacement à notre place. Le Canada est maintenant majeur, il peut se passer de tutelle, même judiciaire.*

These statements are not only important in themselves, but they also serve to gather up a good deal of floating, if less influential, opinion.

III. Federal and Provincial Powers

IT is natural at this point to turn to the distribution of legislative powers. In this connection there have been few fundamental changes of recent years. The Dominion has, indeed, filled a gap by granting jurisdiction over divorce to the province of Ontario, and thus a flagrant social disability has been removed ; but in the deeper and more essential matters we remain much as we were before. Many have seen in the more recent decisions of the Judicial Committee a swing towards strengthening the federal powers. When, however, the judgment acknowledging

* *Le Statut de Westminster et l'Evolution nationale du Canada* (Montréal, 1932), pp. 17–19.

Dominion control over combines* is carefully read, it will be seen that there is in reality only a legitimate extension of the ambit of criminal law. The importance of this decision lies rather in the fact that the Privy Council went out of their way to correct an impression left by their language in a previous decision,† to the effect that the Dominion could only fall back on its "trade and commerce" power to support a general power which the federal legislature possessed independently. This correction is valuable, as the tendencies shown by the Judicial Committee in the past had run counter to the basic conceptions of the constitution, according to which wide authority over trade and commerce should be exercised in national interests. The decision granting the federal legislature complete control over aviation‡ is doubtless nationally convenient; but not much in the way of fruitful progress can be gleaned from it, as the subject-matter is quite modern. The decision is not without its difficulties; and the same may be said of the decision that brought radio under federal control.§ There are dangers that provincial powers may be subordinated by the side-wind of a treaty; while the mixing-up of legislative powers under Sections 91 and 92 with the treaty power—such as it is—of Section 132 of the British North America Act is contrary to the whole spirit and form of the Act.

Perhaps these cases are important, from our present point of view, in that they disclose a new method of "twisting" the Act, a method which, as a learned jurist has recently said, "may be fraught with more error than the literalistic doctrines of Haldane."‖ The decision of the Privy Council under which women were admitted to the Senate is not connected with our present subject,

* [1931] A.C. 310. (Proprietary Articles Trade Association *v.* Attorney-General for Canada)

† [1922] A.C. 191. (In re Board of Commerce Act.)

‡ [1932] A.C. 54. (Attorney-General for Canada *v.* Attorney-General for Ontario.)

§ [1932] A.C. 304. (In re Regulation of Radio Communication.)

‖ Cf. *Canadian Bar Review* (1933), pp. 581 *et seq.*; 664 *et seq.*

though the fact may be noted that women can now enjoy that honour.* The judgment, however, raised certain points which are, perhaps, the most important innovations since our last survey. In the first place, Lord Sankey, L.C., laid it down that it was not necessary to-day to apply to Canada decisions and reasonings that had commended themselves to those who had to apply the law in different centuries to countries in different stages of development; that the British North America Act planted in Canada a living tree capable of growth and expansion within its natural limits; that the provisions of the Act should not be cut down by a narrow and technical construction, but should be given a large and liberal interpretation. All this is excellent doctrine, completely different from that enunciated by the Privy Council for generations in interpreting the British North America Act. Unfortunately, his Lordship robbed it of any healing virtues, of the power to become a new road of constitutional salvation, by adding that it had no application to the distribution of legislative powers. Elasticity and strictness go ill together in interpreting the Act. We can only hope that a step forward has been made, although the path is thick with judicial fog. To Lord Sankey we are also indebted for a new process of interpretation in the aviation case already referred to. The strict rules of statutory interpretation disappeared when his Lordship quoted almost word for word from Lord Carnarvon's speech on the second reading of the British North America Act on February 19, 1867.† The strict rules disappear, because neither punctuation nor reference reveals the sense of the quotation. For a nation whose constitution has been divorced by judicial decisions from its origins and historical intentions, it is, perhaps, pardonable to clutch, respectfully but not without hope, at any straws thrown to us in the whirlpool of judicial chaos.

* Edward v. Attorney-General of Canada, [1930], A.C. 136.

† [1932], A.C. 54 (*per* Sankey L.C. at p. 70); cf. Hardinge, *The Fourth Earl of Carnarvon* (Oxford, 1925), vol. 1, pp. 305 *et seq.*

IV. The Grant of Honours

nnection with legislative power an interesting on has recently arisen. As is well known, the f Canadian citizens appeared for the first time for ars in the honours lists of 1934. Their absence n due to the fact that in 1919 the Canadian Parlia- ssed a resolution praying, *inter alia*, that the King e pleased to refrain from conferring any title of or titular distinction on Canadian citizens. The ng question now is : can Canada by any legal means he granting of titles ? The prerogative of honours er passed to the Governor-General, and in the Kingdom it is uncontrolled by statute. Even were ntrolled, the statute would not apply to Canada n Canadian request. The law and custom in on with titles in Canada rest on the following e. The Canadian Cabinet recommends, nor are ours conferred on Canadians without such recom- on. In other words, a convention of the constitu- vails ; but the legal responsibility lies with the nent of the United Kingdom. The reason behind ns to be that nearly all titles of honour have throughout the King's dominions, although it is ng to note that apparently Knights of St. Patrick e Thistle have no rank in England. The Governor- could be given the power by the Crown, or by the n legislature, to confer local titles of honour (a hich belonged to the Lord Lieutenant of Ireland), ed Quebec rejoices in an Order of Agriculture, with lers, officers and knights, created under Quebec Such honours have or would have no validity the legislative jurisdiction concerned. No legal ists in Canada to control by legislative action the ve of honours in the imperial sense.

Action of a legal nature is not, however, impossible. Those titled persons who are not Canadian citizens, and who have therefore no legal right to "land" in Canada, could be legally included by Canada among the "prohibited classes" in the Immigration Act. In the present state of public opinion such drastic legislation might not be forthcoming, but at any rate it could form a reasonable ground for discussion. In addition, Canada might legally prohibit the sending of recommended names to England through the Canadian Cabinet. Such statutory action would govern the Cabinet as long as the statute remained in force; but of course it would have no legal control over the prerogative, and legally the King could still confer honours on Canadian citizens. It has been suggested, with the support of Professor Keith,* that Canada could prohibit the use of titles in Canada, while it could not legally control the conferring of them.

This suggestion is doubtless correct, but it raises some difficult problems. Are titles of honour "property" or "civil rights"? Beyond controversy, a peerage is "property," and so it would seem is a baronetcy,† while a knighthood or a minor honour is clearly a "civil right." If this argument is correct, it appears that the control of the use of titles in Canada would lie with the provinces under their exclusive legislative authority over "property and civil rights." We could thus arrive at the strange position that a Canadian citizen might be "Lord" or "Sir" in one province and "Esquire" or plain "Mr." in another. On the other hand, it might be possible for the federal legislature to control the use of titles under its "peace, order and good government" power; to borrow Lord Haldane's words, the federal legislature can pass legislation in a legislative field of exclusive provincial competency in times of "some extraordinary peril to the national life of Canada ... a menace to the national life

* *Constitutional Law of the British Dominions* (London, 1933), p. 38.
† In re Rivett-Carnac's Will, (1855) 30 Ch.D. 136.

of Canada . . . an epidemic of pestilence."* Action along these lines might also form a proper basis for discussion, and if the legality of such legislation were argued before the Judicial Committee, the possibilities of national self-revelation are almost infinite in their humorous variety. At any rate, the British North America Act seems to create difficulties at every turn, though we may learn, indeed, that the theory, too often lightly accepted in Canada, that honours emanate directly and personally from the King (except in the case of the Royal Victorian Order) is an idle and farcical perversion of facts.

V. Law versus Economics

THE truth is that we have outgrown the British North America Act. The Dominion of Canada is attempting to-day to carry on the highly complex life of a modern industrial state under a constitution drawn up for a primitive community, scarcely emerging from pioneer agricultural conditions. In the United States the constitution has been developed by the courts, from the time of Marshall, C.J., as a more or less living, growing scheme of government, and judicial decisions have made flexible an eighteenth century document singularly rigid in form. With us, on the other hand, the provinces have grown in power in despite of the deliberate intentions of the " fathers " of federation. Strict statutory interpretation has virtually made them the controllers of the residuum of legislative powers.

Worse still, under cover of all this has been preserved the legal, political and economic philosophy of *laissez-faire* utilitarianism—free enterprise, as little control over business as possible, individual competition and initiative; with concessions of social legislation here and there in

* Toronto Hydro-Electric v. Snider, 1925 A.C. 396 (*per* Lord Haldane at pp. 409-410).

the name of efficient "individualistic" nationalism. Life remained reasonably secure, and no great and violent crises provoked a united national challenge. But dangers accumulated as the augmentations of provincial power over "property and civil rights," procured by judicial decisions, thwarted legislation of growing national necessity. Nine provinces, individually and separately, were attempting to deal with the complexities of the twentieth century, while the Dominion was driven from field after field that the "fathers" had intended it to occupy. Upheld with an almost suicidal tenacity, provincial "rights" have become national wrongs. In addition, there has existed an almost childlike mentality, which the outsider is liable to miss. The British North America Act has been erected into a kind of ark of the covenant, to which has been given something akin to primitive ancestor worship. It is true that men of insight and wisdom saw dangers ahead and called for timely changes; but legal insight and political wisdom, in a small community like ours, are too often forced to retire before a public that denounces any criticism of the British North America Act as "disloyalty." On platform after platform, those who scented legal and economic dangers, who ventured to suggest that they heard cracks and strains in the legal underpinnings of our national life, were called "socialists," "communists," "bolsheviks," "traitors to King and British institutions and to their fatherland." Now the day of reckoning is at hand.

Before the economic depression the federal legislature, with the "generous" permission of the provinces, had already undertaken to assist in providing old-age pensions —a subject-matter purely and solely provincial. "What is the constitution among generous friends?" The example and procedure were perhaps unfortunate; perhaps, as the issue may show, they were creative. Then came the crash. Unemployment, a purely provincial subject-matter, increased by leaps and bounds. To it were added the complex problems of industrial life in a manner never before experi-

enced—fair competition, hours of labour, rates of wages, minimum wages for men, marketing organisation, the financial structure of companies, mass-production—provincial subject-matters transformed into the very bones of national survival before the compelling forces of a world agony. Once again the Dominion stepped outside its legislative ambit and voted millions for unemployment. Nor was this the end. As province after province turned to it for assistance, the Dominion came forward with vast funds to prevent a financial crash. The Prime Minister of Canada, however, began to scent danger in the transfer of federal moneys to provincial control. A Dominion-provincial conference suggested constitutional changes. The provinces, however, stood firm on their "rights," while they almost demanded the continuance of federal aid.

The Dominion might have hammered out some sort of agreement, the better to guard the federal tax-payer in face of the insistent demands of provincial necessity. Before such an opportunity came, however, more powerful events suddenly changed the issues. On the public platform, before Parliament assembled, Mr. H. H. Stevens, federal Minister of Trade and Commerce, criticised in emphatic and unequivocal terms the whole economic structure of the nation, as shot through with greed, exploitation, and positive social corruption. He promised action. When Parliament assembled, a committee of the House of Commons was set up, presided over by Mr. Stevens; and for weeks the newspapers have been "featuring" the evidence given, much of which seems to reveal labour conditions that all good citizens may well deplore. We are not here concerned with the immediate problems and we express no opinions on them. There is, however, a wider issue.

While many of the matters with which the Stevens Committee is dealing are under provincial legislative control, it is likely that the federal legislature will deal with them under "the peace, order and good government" clause—

effective, as the Judicial Committee has laid down, in a national crisis.* Such legislation, however, can obviously only be a makeshift, for emergency treatment cannot cure ills deep and fundamental in the constitutional law of the country. Nevertheless, the situation contains some hopeful aspects. The Prime Minister of Ontario has declared that the time may now be ripe for considering the question of constitutional revision. Sir Henry Drayton, one of the most distinguished of our public men and a former member of the federal Cabinet, has come out in strong support. Even more important are events in Parliament. The Right Hon. Arthur Meighen, Government leader in the Senate, has declared that if the British North America Act is not soon constructively changed there may be little left worth worrying about. The Prime Minister of Canada has placed himself on record in the House of Commons to the effect that the constitution must be changed. He pointed out that, under the Statute of Westminster, changes can be made after resolutions of both Houses, but he was equally clear that political difficulties must be boldly faced.

The issues are now clear-cut—are we to allow one or two provinces to control our national destiny ? Changes are not merely demanded by events, they are overdue. It seems probable that the Government will go to the country with constitutional questions to the fore. Whatever an election may disclose, this at least may be said, that at long last it will no longer be possible to look on the British North America Act as a sacred and inviolable instrument. The persistent forces of national affairs—the pressure of the last four years of depression, with its poverty, unemployment, increasing failures, contracting trade, lower wages, miserable market prices, narrowed credit, depreciating currency, ever-increasing debts, notwithstanding the substantial measure of recovery already achieved—have all combined to rob " 1867 " of romantic glamour.

* Toronto Electric Commissioners v. Snider [1925], A.C. 396.

We do not dispute the magnificent creative faith of that year, any more than we dispute the creative work of Noah; but we see it, after many days of blind worship, in its just and proper setting. The outspoken words, fortified by the economic situation, have called us to our senses. To those outside Canada, the situation may appear strange and complicated; to Canadians themselves it is no less complex, and, above all, unexpected in the strong changes in public opinion that it evinces. We have now a clear choice to make: shall we continue as a loose league of "sovereign" provinces, into which the unfortunate judgments of the Privy Council had practically transformed us, surviving legally in order to break culturally and economically? Or shall we boldly recognise that a nation of vast potential wealth and of remarkable human achievements must not be sacrificed at a constitutional altar erected in a far-off pioneer past, and itself long since robbed of creative vitality by the barren processes of judicial obscurantism?

Canada.
July, 1934.

CIVITAS DEI

THE object and scope of Mr. Lionel Curtis's book* are no less ambitious than its title. The title is borrowed from that of *De Civitate Dei*, St. Augustine's monumental work, which it is part of the purpose of this volume to criticise. The object, though Mr. Curtis himself describes it as that of discovering a guiding principle in politics, is really no less than that of defining the *summum bonum*, the end and purpose of human existence, and of stating the process by which it may be achieved. The whole history of Christian civilisation falls within its scope. Dealing with this vast subject within the compass of a single volume of less than 300 octavo pages, the fruit of wide reading and intense devotion to his subject, Mr. Curtis has given to his readers a work of arresting interest. However widely many may differ from its arguments or its conclusions, to whatever criticism it may be exposed on the ground of over-simplification or excessive dogmatism, the book is marked throughout by a vivid eloquence, a ringing sincerity and an impeccable courage.

The key to his problem Mr. Curtis finds in the spirit—to some extent, however faintly, immanent and incarnate in men—that prompts them to serve each other and not themselves. This is that spirit which in its fullness is God. It is, to the author, the supreme personality, the ultimate reality; and all human institutions are to be judged according as they do or do not tend to develop this spirit among men and to perfect it by the only possible method, that of day to day exercise in the practical affairs of life. In the sphere of politics then, though Mr. Curtis

* *Civitas Dei*, by Lionel Curtis (London, Macmillan).

will not admit any distinction between that sphere and that of life itself, Mr. Curtis stands with Aristotle: the State is γενομένη μὲν τοῦ ζῆν ἕνεκα, οὖσα δὲ τοῦ εὖ ζῆν.* But by reason of the teachings of Christ and of the history of the world since the days of the Greek philosopher Mr. Curtis's conception of what τὸ εὖ ζῆν means is very different from, and much wider than, Aristotle's.

In his sketch of world history Mr. Curtis finds throughout the ages a conflict between two opposing principles: the "principle of authority," absolute, theocratic, supposedly divine in origin and backed by supernatural sanctions; and the "principle of the commonwealth," which may shortly be described as that of self-government resting on the virtue, common sense and practical experience of ordinary men. To a great extent this is the conflict between East and West. To Mr. Curtis it is almost indistinguishable from the conflict between evil and good, darkness and light, illusion and reality; and is only not eternal because of his lively faith that in the course of the life of the world the "principle of the commonwealth" must in the end prevail.

The germ of this "principle of the commonwealth," in its political self-expression, Mr. Curtis finds in the Greek city states of classical times, or at least in the more democratic of them, where men had so far learnt to prefer the public welfare to their own selfish individual interests that it was possible to carry on government through the machinery of public assemblies in which minorities were content to accept and to be bound by majority decisions. The struggles of Hellas with the Persian Empire of the fifth century B.C. afford the first illustration that Mr. Curtis gives of the perennial conflict between his two contending principles. Hellas prevails; and though she herself, as is shown by the story of Athens, too often fails to be true to her own principle (largely because she has not

* For as the State was formed to make life possible, so it exists to make life good. Aristotle, *Politics*, Ch. II, translated by J. E. C. Welldon.

hit upon the device of assembling representatives with power to bind their constituents, which might have enabled her to apply that principle to a community too large and scattered to be gathered together in a single market place), her political message to the world is never wholly lost.

Rome, in origin resembling a Greek city state, confers upon all the peoples of the Mediterranean seaboard the blessings of order, unity and law, but fails, as Hellas failed, to apply in a wider sphere the principle on which she governed herself as a simple primitive republic; and becomes Imperial Rome, the parent of the Byzantine Empire, under Cæsars or Emperors adorned with the trappings and armed with the powers of a pretended divinity.

Next comes the history of Judaism and the tremendous story of the impact upon the world of the personality of Jesus of Nazareth. As Mr. Curtis's treatment of this theme, which occupies about a third of his short volume, is certainly the most original, so it is likely to be the most interesting part of it to the majority of his readers. To the Jews is attributed the conception of monotheism, which "raised their minds from superstitions which divide the world to spiritual truths which bind it together," and which "arises from an effort, whether conscious or otherwise, to explain by hypothesis a psychological fact—the sense men have of a difference between right and wrong. . . . Righteousness was conceived as the will of God." But this God was originally, in their minds, a tribal deity among others, and jealous of the others. The heathen are to be rooted out; and only very gradually does the idea of Jehovah as the one God of Israel give place to the idea of him as the one God of the universe. Even so, there is a fundamental distinction, on which Mr. Curtis in a deeply interesting passage lays great stress, between the vision of Ezekiel of the Kingdom of God as an exclusive kingdom confined to the Hebrews, and that of Jeremiah as a kingdom to which the Gentiles will be admitted if they repent.

Jeremiah's "idea led on to Christianity. The soul of Ezekiel issued in Judaism." In either case the kingdom was as yet conceived of as a kingdom on earth: the primitive eschatology of the Jews, some centuries before the book of Job was written, could admit of no other idea.

While historic Judaism lasted, with its centre at the temple in Jerusalem, it was the view of Ezekiel that prevailed; and, highly spiritualised as was its underlying religious idea as compared with surrounding paganism, the political organisation of post-exilic Judaism was that of a typical oriental theocracy, where a close oligarchy of priests bore absolute rule over their people, and enforced upon them an elaborate code of ritual rules, supposedly based on a law divinely communicated to Moses, affecting every detail of their ordinary lives. As in all theocracies, this priesthood was armed with supernatural terrors; and as, through an infection of paganism, the deity whose will it claimed to interpret was one who must be placated by blood-sacrifices and costly offerings from the pious Hebrews who came on pilgrimage to Jerusalem from all parts of the world, the priests themselves, along with their power, derived no little material wealth from the process. This conservative oligarchy, true to type, "closed the canon," refused any addition to the recognised scriptures, the interpretation of which was their own monopoly, and were prone to treat all reforming "prophets" as pestilent agitators and disturbers of the peace. Not in this Jerusalem, which stoned the prophets, was the "principle of the commonwealth" to be found. Its rulers were not likely to welcome any political change in a system that suited them so admirably; and when the Roman Empire had been extended over the whole basin of the Mediterranean they were quite content that the system should be carried on under the protecting ægis of the Cæsars.

Space will not allow of more than the briefest mention of Mr. Curtis's account of the origin of the Pharisees, of the Maccabees, or of the tragic history of the various sects of

the Zealots, who in their ardour to re-establish the kingdom of the house of David on earth strove with the hierarchy, with Rome, and not less ferociously with each other, till Jerusalem with its temple falls in a final welter of blood and flame before the arms of Titus. It must suffice to say that to many this will prove not the least arresting part of the book; for (let us admit it frankly) the number is but small of those even among the well-educated who, like Mr. Curtis, have studied the works of Josephus.

It is time to turn to the central theme of all, the mission of Jesus of Nazareth. Here it is that Mr. Curtis's work is most likely to come as a shock to many devout minds: here it is that the author's courage of his convictions is most finely shown. We have seen that, to Mr. Curtis, claims to supernatural origin are the usual justification, supernatural sanctions the most potent weapon, of the "principle of authority," which he regards as the power of darkness. With him it is a settled conviction that the course of nature, the orderly sequence of cause and effect presupposed in all rational human thought, is never interfered with by divine command; and that a belief in "miracles" is merely the product of minds too simple or too enslaved **rerum cognoscere causas*. Jesus of Nazareth, then, was a man, begotten and born as other men are, with a mortal body and an immortal soul like theirs, but with a grasp of reality, a dæmonic force of leadership, and a zeal for the development of the human virtue of serving others and for its growth through practical exercise—in his phrase, for the "kingdom of God" which is "within you" and is also "amongst you"—such as has been accorded to no other man before or since. If this be to deny the divinity of Christ, Mr. Curtis might reply that it is to assert the divinity of man, and to claim that every man to the extent that he has virtue in him is to that extent divine, and that Jesus differed from his fellows in the fullness of his virtue and therefore in the fullness of his divinity.

* To discover the causes of things. (*Virgil.*)

Mr. Curtis holds that everything miraculous in the ordinary sense of the word that has been attributed to the life, death and resurrection of Jesus is the fruit, not indeed of pious fraud, but of legend, originating in the belief, ingrained by habit and tradition in the minds of his contemporaries and followers, that what is divine must be attested by what is miraculous; a belief so strong as to lead them not only to ascribe to direct supernatural intervention phenomena for which they could not account otherwise, but even to convince themselves that they had actually seen interferences with the ordinary course of nature which had not, in fact, occurred. Mr. Curtis thinks indeed that Jesus himself, conscious of his own extraordinary mental and spiritual power, was sufficiently under the influence of the prevailing tradition of his age and race to believe that it was in his power to work miracles; but Mr. Curtis is insistent that, true to his mission, which was to dethrone autocracy and to enthrone the virtue existing in the hearts of men, Jesus deliberately abjured the use of autocracy's secular weapon; and that this is the whole meaning of the story of the temptation in the wilderness.

We cannot in these pages debate the vast problem here involved, but one criticism of Mr. Curtis's handling of it must be offered. He relies heavily on those texts of scripture which support his thesis, but neglects or dismisses as unworthy of credence those which do not. He quotes, for instance, with complete conviction of its authenticity, the story of the Pharisees and Sadducees asking Jesus for a sign from heaven and receiving the answer:—

> An evil and adulterous generation seeketh after a sign; and there shall no sign be given unto it, but the sign of Jonah,

and explains the answer as meaning that "as Jonah preached repentance to the Gentiles with success, so a time will come when the Gentiles will hear and accept the Gospel, while Israel will reject it." The explanation is borrowed

from *A New Commentary on Holy Scripture*, a work of generally admitted orthodoxy, edited by Bishop Gore and others, and is based on the passage which follows next but one after the words quoted; but that which immediately follows them reads:—

For as Jonah was three days and three nights in the belly of the whale: so shall the Son of Man be three days and three nights in the heart of the earth.

This, which Mr. Curtis does not quote, is an unmistakable reference to the supernatural, and there is no less textual authority for it than for the words before and after it. Similarly the text about the power to bind and to loose, on which the Church has laid so much stress, is described as "a few words attributed to Jesus by one of his biographers" and dismissed, in effect, as something which he cannot have said, or cannot have intended in the meaning that has been attributed to it. An historian cannot treat his classical authorities in this way. If he does, he is in reality claiming himself to be the judge of what they ought to have said, and therefore did say, and thus to be entitled to rewrite them. But Mr. Curtis is possessed by a faith which can remove not only mountains, but the canons of historical criticism.

From the philosophical standpoint that he has adopted, Mr. Curtis proceeds to a vivid but reverent account of Jesus's final struggle with the corrupt hierarchy of Jerusalem, of the fear inspired in them by his influence over the multitude which he led, and of the Passion, the judicial murder of the last and greatest of the prophets. To Mr. Curtis the struggle is the supreme illustration of the conflict between his two contending principles. To him, religion is not an affair of the relation of the individual soul to God, in the sense that there is any distinction between a man's duty to God and his duty to his neighbour, between religion and politics. "To engender in men a desire to serve each other is the end and object of human existence." The desire of service grows only by

exercise of the power to serve, and the power to serve must be continuously increased as men can bear it. Thus the world's greatest religious teacher was *ipso facto* its greatest political philosopher.

To his mind religion and politics were merely two aspects of life, a sphere viewed from two different angles. He believed that men could grow to perfection in so far as they based their relations on the infinite duty of each to all. This supreme conception could only be realised by gradual developments such as we, in our language, would describe as political.

The spread throughout the Roman Empire after the fall of Jerusalem of a Christianity still profoundly influenced by Jewish and Imperial ideas of theocratic authority still leaves us in a world in which government is not based on the original teachings of Jesus. Though the spirit of the Greek city state may survive in scattered municipalities, the Roman and Byzantine Empires proceed upon the principle of autocracy; the Church itself under the Papacy and the Holy Roman Empire alike adopt it.

Only as feudalism decays and the English constitution begins to shape itself, with a parliament of representatives of the people having power to bind their constituents, which ultimately becomes the repository of sovereignty, does Mr. Curtis find the "principle of the commonwealth" emerging into the high places of government. He justifies his brief sketch of British constitutional history—which, as he says himself, "is or should be familiar to every child who has passed through a high school"—on the ground that he sees

in these threadbare and commonplace details the first beginnings in the Christian era of the process whereby that creative and potent idea, the Kingdom of God, as viewed and expounded by Jesus of Nazareth, is destined to be realised.

This may seem, especially in these days when Europe is strewn with the wrecks of parliaments, an overweening claim to make for the political system which the people of our race have evolved to suit themselves, and which has

been copied, not always with success, by others. To represent it as the final synthesis in the political sphere of all that is best in Greek, Jewish and Roman thought, as the embodiment of the ideals of freedom, virtue and law, is to rate it high indeed. But Mr. Curtis's contention may be conceded that it is the only system we know which, while providing for real government and sovereignty (the idea of which is by no means to be confused with that of autocracy) lays the burden of responsibility on the shoulders of the maximum number of people whose sense of public duty qualifies them to bear it, and provides for the quickening of that sense of duty through the constant exercise of it.

Nor will Mr. Curtis admit that in the course of the millions of years to which our world has still to look forward the other races of men will be found incapable of the adoption in the fullest possible sense of the principle that he extols. His imagination reaches forward to the realisation of Tennyson's dream of "the Parliament of man, the Federation of the world." He does not believe

> that the still small voice which was first overheard in the cities of Greece and was raised to the sound of a trumpet in England will be silenced till all men have heard it and learned to obey one paramount law, based on the mind and conscience of all.

To people of our race it may well be a sobering thought that, even in a vision, it should have been reserved for them to be the pioneers of a mission so august.

We understand that *Civitas Dei* is intended to be merely the first volume of a larger work dealing with the British Commonwealth and its place in the world, and that the author designs in a further volume to treat of the imperial problem in the light of the criteria of political action which he has sought to establish in *Civitas Dei*. The merits of this book prompt the earnest hope that he may be able to fulfil his purpose.

IRISH FREE STATE: MR. DE VALERA'S PROGRESS

I. The Senate Defends Itself

MR. DE VALERA has now painfully learned that, like the famous animal in the Zoo, the Senate is very naughty. When attacked it defends itself. The Bill for its abolition passed the Dail on April 20 by 70 votes to 51, and on May 30 the debate on the second reading began in the Senate itself. After Mr. de Valera had delivered a short, and almost contemptuous, introductory speech, the Chairman, Mr. Westropp Bennett, a County Limerick farmer, announced that, following a precedent set up by his predecessor, Lord Glenavy, during a debate on relations with Northern Ireland ten years ago, he proposed to leave the chair in order to speak from the floor of the House. He then proceeded to deliver a remarkable reply to the attacks of the Government on the Senate. Statesmanlike in tone, clear and cogent in argument, and devastating in its exposure of ignorance and misrepresentation, this speech in itself went far to justify the existence of the Senate. It was certainly one of the finest speeches so far delivered in the Free State Parliament. Mr. Bennett began by exposing the various misrepresentations of Mr. de Valera and his colleagues, proving that in many cases they had stated the exact opposite of the facts. He then analysed the actions of the Senate during Mr. de Valera's first Administration, and showed that, apart from the Bill for the removal of the oath of allegiance, the Senate had received during that time 22 non-money

Government Bills, many of them highly contentious, sixteen of which it passed without amendment, and that the amendments made in the remaining six were nearly all agreed to by the Dail. Mr. de Valera's statement, made before the election of January 1933, that a hostile Senate was constantly attempting to harass the Government by mutilating its measures or wilfully delaying them, was therefore, he pointed out, completely untrue. He added that there was too much talk about liberty in this country and too little attention paid to the things that ensure it. It was the truth that made men free, and the opposite that bound them. There could be no liberty without liberty of the mind, and no liberty of the mind without truth.

Mr. Bennett then proceeded to expose Mr. de Valera's fallacies in the domain of history and political science, more particularly in his statements concerning the experience of France and the United States, pointing out that in both countries a second chamber was found essential, and that no country of any importance under full constitutional government to-day has a single chamber system. He asserted that Mr. de Valera's policy of establishing a single chamber government would lead here, as elsewhere, to a dictatorship of the Left, and that the country, reduced to penury by the Government's economic policy, would eventually sweep them aside and replace them by extremer men. Then, passing from theory to practical politics, he compared the work done by our Senate with that done by the Senates of Canada and South Africa, and proved that the Free State Senate, during the last ten years, has done, roughly, three times the amount of work done by the first, and more than ten times the amount of work done by the second. The work of revision done during that period in the Free State Senate, by way of accepted amendments that definitely improved legislation, far exceeded that done by any other second chamber in the British Commonwealth. In the same time they had rejected only three

Bills, while the Canadian and South African Senates had rejected thirty-three and thirteen respectively. He contrasted with the attitude of Mr. de Valera that of General Hertzog, who for six years voluntarily left in existence a hostile Senate, which had rejected three major Government Bills.

Replying to the charge that the Senate had been partial towards Mr. Cosgrave's Administration, he proved that the proportions of amendments made by the Senate in the measures of both Governments were similar, but that the work of revision under Mr. de Valera's Administration had been somewhat heavier. As regards the power of delay, they had held up one Bill and rejected another during the Cosgrave régime, but out of 109 Bills presented by the frankly revolutionary de Valera Government they had only rejected four. Mr. Cosgrave's Public Safety Bill, which they passed, was rendered necessary by a crescendo of murder and outrage; Mr. de Valera's Blue Shirt Bill, which they rejected, was directed against an organisation guiltless of disorder.

But the most important and most sensational passage in his speech was his claim that the Bill for the abolition of the Senate was both inaccurate and unconstitutional: inaccurate inasmuch as several references to the Senate had not been eliminated from the constitution, and unconstitutional because the constitutional amendment, made in 1929, whereby the period for amending the constitution by ordinary legislation was extended from eight to sixteen years, was invalid, and because the abolition of the Senate was not an amendment of the constitution within the meaning of its terms. The object of Mr. de Valera's campaign, bolstered up by calumny and false representation of history, was, he said, to establish a dictatorship of the most obnoxious kind, masquerading in the guise of parliamentary government. He then made a deadly parallel between the actions of Mr. de Valera in office and those of Mr. Lang of New South Wales, who

abolished the Legislative Council of that State, and defaulted on the payment of interest to British bondholders; and he pointed out that after careful study and inquiry the present New South Wales Government had set up a new second chamber on the model of the Free State Senate. Closing this powerful speech, he referred to the unfair attacks on the Independent members of the Senate, who are largely Protestants and ex-Unionists, and who had given their best to the service of the new régime. They were attacked, he said, by neo-Nationalists, who paid lip service to Tone and Davis, but violated every principle these men ever enunciated. Finally, he quoted an impressive and apposite passage from Demosthenes to the effect that it was impossible for one who commits injustice, breaks oaths and indulges in falsehood to acquire lasting power. In the affairs of the State the principles and the foundations must be truth and justice.*

Mr. de Valera, who had listened to this formidable indictment with ill-concealed rage, left the House upon its conclusion, and did not return till the last day of the debate, when he delivered a long and rambling speech, which was largely a repetition of his previous speeches in the Dail, and did not seriously attempt to answer the Chairman's speech. Historical examples were, he suggested, useless, because they proved one thing only. He repeated that he had a hankering after some kind of second chamber for purposes of revision, but contended that neither history nor reason nor practical experience had proved the case for a second chamber in general.

Other notable speeches during the debate were made by Senator Douglas and Senator O'Hanlon. Senator Douglas proved that Mr. de Valera had used the criticisms of the French Senate made by Professor Barthelémy, but had suppressed his conclusion, namely, that "the existence of a second chamber is the fundamental institution of all

* This great speech has now been published in pamphlet form with full references.

organised democracy." Senator O'Hanlon showed that John Adams, whom Mr. de Valera had cited as one of the American advocates of a single chamber, had said that he could not think that a people could be long free, or ever happy, whose government was in one assembly. Senator Sir John Keane, during the debate, referred to the action of the Senate in 1928 and 1929, when they acquiesced in the removal of the referendum and initiative and the extension of the period for amending the constitution, whereby he held that they had lost their effective control and opened the door to further inroads on the constitution. Senator Douglas has now introduced in the Senate a Bill to revive the referendum on constitutional amendments and it will be interesting to see the reactions of Mr. de Valera to this democratic project.

During the Dail debates on the Bill for the abolition of the Senate two amendments were made by the Government to meet the criticisms of the Opposition. These make it impossible to remove the auditor-general or the judges without a Dail majority of four-sevenths, but, as Senator Browne pointed out in the Senate debate, this protection can be easily removed by legislation once the Senate ceases to exist. On June 1 the Senate finally rejected the Bill by 33 votes to 15. The position now is that the Bill is suspended for eighteen months, unless a general election, in which the Government is successful, intervenes, when it would become law.

The relations existing between the Government and the Senate were further illustrated by the recent inquiry of the Senate Committee on Procedure and Privileges into the action of the Minister for Defence, Mr. Aiken, in prohibiting two duly authorised visitors who were wearing the blue-shirt uniform of the League of Youth from entering the Senate chamber on February 21. The Committee found that the Minister and the Clerk of the Dail, who had supported his action, were guilty of a breach of privilege, and that the Minister, in spite of his public

statement to the contrary, knew when he issued his prohibition that the Chairman of the Senate had authorised the admission of these visitors. The Senate also limited the time for the operation of the annual Army Act, as a protest against the Government's appointment of unqualified ex-I.R.A. men to take command of the new volunteer force. Incidents such as these, and the acrimony of the Dail debates, reveal the personal bitterness and hatred of our leading politicians, the unfortunate heritage of the civil war, which, apparently, nothing but time will efface. Cardinal MacRory, the Catholic Primate, has recently appealed for a spirit of charity in public affairs, but so long as support of personalities rather than principles dominates our popular political outlook there is little hope of much change.

II. Grave Constitutional Issues

THE grave questions raised in the speech of the Chairman of the Senate concerning the validity of recent alterations in the constitution have now been brought before the Courts in a case in which Mr. Jeremiah Ryan, a farmer and retired military officer from County Tipperary, and four other members of the Blue Shirt organisation seek an absolute prohibition against their trial by the military tribunal on various charges, including conspiracy to shoot with intent to murder, unlawful assembly, and the possession of fire-arms. They contend that the Constitution (Amendment No. 17) Act of 1931, under which the military tribunal was set up, is unconstitutional, and that therefore the tribunal has no lawful existence, jurisdiction or validity.

In order to understand the basis of this contention it is necessary to examine briefly the constitutional position in the Irish Free State. It is quite different from that in Great Britain. In Great Britain, the sovereignty of Parliament is absolute. It has an acknowledged right to

modify the constitution, and is both a legislative and a constituent assembly. The Free State Parliament, on the contrary, is not a sovereign legislature, because its powers are limited by the terms of the constitution and by judicial decision. The Free State has a rigid written constitution, under which constitutional or fundamental laws are distinguished from ordinary laws, and cannot be changed in the same manner. Moreover, the constitution provides that—

> All powers of government, and all authority legislative, executive, and judicial in Ireland, are derived from the people of Ireland and the same shall be exercised in the Irish Free State through the organisations established by or under, and in accord with, this Constitution.*

The constitution also contained a provision† that amendments of the constitution within the terms of the Treaty could be made by ordinary legislation, by the Oireachtas or Parliament, for eight years after it came into operation, but that after that period had expired any amendment should, after its passage through Parliament, be submitted to a referendum and approved by a majority of the voters on the register, or two-thirds of the votes recorded, before it became law. Moreover, even during the first eight years, any such amendment should be submitted to a referendum if that course was demanded by three-fifths of the Senate, or one-twentieth of the voters on the register.‡ The constitution was the subject of considerable amendment during the first eight years, but most of these amendments only embodied a number of technical changes suggested by the practical experience of its working. A more comprehensive revision was initiated by the tenth Amendment Act, passed in 1928, which abolished the referendum and the initiative at the instance of the Cosgrave Government, in order to forestall an attempt of the Fianna Fail party to use the initiative for the introduction of legislation to abolish the parliamentary oath of allegiance.§ Finally,

* Article 2. † Article 50. ‡ Article 47.

§ See The Round Table, No. 72, September, 1928, pp. 816 *et seq.*

the period during which constitutional amendments might be enacted by Parliament without a referendum was, in 1929, extended to sixteen years.*

It is now contended that this last amendment was *ultra vires*, inasmuch as an ordinary Parliament, which was not a constituent assembly but merely the agent or delegate of the people, could not by its own act extend the scope of its own power or authority. It is argued that the provisions of Article 50, enabling amendments of the constitution to be made by ordinary legislation during the first eight years, were designed only to enable technical improvements of detail to be effected, but not to offer scope for such comprehensive constitutional changes, which undermined or repealed principles in the constitution, as have in fact been enacted. In other words, the constitutional power of amendment could not be used constitutionally to do away with the constitution. If amendments were to be made in fundamental articles, this, it is contended, could only be done by a fresh constituent assembly, or by extra-legal methods. It will be seen that this argument raises a much debated problem of modern constitutional theory, whether it is within the competence of the agencies invested with the power of constitutional amendment to revise drastically the structural organisation of the State.

In the Irish Free State, where both the contingency and the risk of change are greater than in more conservative communities, this problem is now of considerable importance. Obviously, if the Courts were to decide that the Act extending the time for amending the constitution by ordinary legislation was unconstitutional, the results would be extremely serious and far-reaching. In the first place, the Act establishing the military tribunal, which was passed in 1931, and all the Acts since passed by Mr. de Valera's Government for the amendment of the constitution, including those for the abolition of the parliamentary oath

* Constitution (Amendment No. 16) Act, 1929.

of allegiance and the right of appeal to the Privy Council, would be clearly illegal. It would, of course, follow from this that any executive actions arising out of these Acts, such as the sentences imposed by the military tribunal under both the Cosgrave and de Valera régimes, would be equally *ultra vires*. Moreover, the proposed abolition of the Senate would be clearly impossible by ordinary legislation. Modern experience has shown the vital need for an authoritative agency invested with the constitutional power to protect the fundamental safeguards of liberty, not only against encroachments by the executive, but also against ill-digested and panic measures of the legislature. Such power is given to our judiciary,* and, although they have not much experience in dealing with such momentous issues, they lack neither the courage nor the ability to do so. The Attorney-General, on behalf of the State, of course argued that the power of amending the constitution during the first eight years of its existence covered the alteration, repeal, or deletion of any article, *and that Parliament during those eight years was, and* owing to the extension of the period for amendment by ordinary legislation still is, in effect, a constituent assembly.

The High Court have now decided unanimously, following a decision of the Privy Council†, that the constitution should be liberally interpreted in accordance with its own terms, and that the power to amend by ordinary legislation during the first eight years gave a power of alteration in the widest sense of the word, including, in default of express exception to the contrary, the power to extend the time for amending the constitution by ordinary legislation. They therefore held that the Act of 1929, extending the time for amending the constitution by ordinary legislation to sixteen years, was valid, and therefore the Act establishing the military tribunal, since passed, was also valid, and that body was lawfully established. It

* Articles 65 and 66.
† Edwards *v.* Attorney-General for Canada.

follows, of course, from this decision that no article of the constitution is fundamental, and that all, or any of them, can, for the present at all events, be repealed by ordinary legislation. It is understood that an appeal against this decision will be made to the Supreme Court, which includes Chief Justice Kennedy, who was the legal adviser of the Free State Government when the constitution was framed. Pending the final decision of this important issue, General O'Duffy's appeal to the Supreme Court, against the decision of the High Court that the military tribunal was entitled to try him on the charge of being a member of an illegal organisation, has been adjourned.*

Another serious constitutional question will be discussed in the case of Moore and others *v.* the Attorney-General for the Irish Free State and others, which is an appeal to the Judicial Committee of the Privy Council in respect of an important decision of the Free State Supreme Court concerning fishing rights in the river Erne. The Judicial Committee has given the petitioners leave to argue the question of the validity of the Free State Act abolishing the right of appeal to the Committee, and the hearing of this argument will take place in October. It will raise questions of vital importance, which may include those that have been raised before the Free State High Court. A peculiar legal position has also been created by the recent High Court decision in the case of Captain Hughes. This ex-officer, who is a prominent member of the Blue Shirt organisation, was convicted by the military tribunal of attempting to obtain confidential official information by bribing a detective officer, and was sentenced to two years' imprisonment. This conviction has now been upset by the High Court, on the grounds that the certificate from the Minister (which is required by the Act before such a prosecution can be initiated) was not recited in the conviction, and that therefore, as a record of a judgment by an inferior court, the conviction was bad on its face. The

* See The Round Table, No. 95, June 1934, p. 587.

Government, without explanation, thereupon released 37 other prisoners, in whose convictions a similar mistake was apparently made.

III. The Anglo-Irish Dispute

MEANWHILE the dispute with Great Britain continues its miserable course. It is now two years since it began, and although both sides protest their desire for peace they seem equally unwilling to take any step that might bring it nearer. Mr. de Valera is clearly now content to let the Free State suffer indefinitely the serious economic loss involved, in the hope that either a European war or a change of Government in Great Britain will eventually deliver him from the mess into which he has landed the country. Mr. MacEntee, the Minister for Finance, threw an interesting light on the Government's attitude when he said in the Dail, on May 17, that the Government hoped that the cost of bounties and subsidies on agricultural exports was not going to be a recurring item in their annual expenditure. They hoped that, as Deputy McGilligan had said, there would be a realisation on the part of their friends on the other side of the water that their relation to them was one not merely of geographical proximity but also of great strategic importance to Great Britain in time of war. Because we had trade advantages to offer Great Britain that the Dominions had not, and because we could be of material assistance to her in times of national crisis, from the point of view of British national security it would be an unpardonable mistake—the consequences of which would be heavily visited on her own people—to strangle our cattle trade and cripple our agricultural industry. The Government hoped that, through the ultimate realisation of these important facts by all parties, it would not be necessary to continue these export bounties and subsidies indefinitely.

On the other hand, a month previously, Mr. de Valera, speaking at Arva, County Cavan, on April 7, said that the British market had gone and never would come back; and in the Dail, on May 25, he made a remarkable speech on the relations between England and Ireland, which illustrates very well his extraordinary mentality. The British, he said, were always irritated because the Irish would not submit to the system of government that had been given to them, and thought that the Irish should be delighted to be united with Great Britain. His reply was, supposing Germany had won the Great War and had annexed Great Britain to the German Empire, what would the British people have said? That, in effect, was what had happened to Ireland. Ireland had not yet secured independence. If she had, why was Cobh being held, and why were the British maintaining parties of troops on Irish soil? Was it with the will of the Irish people that the six northern counties were cut off from the rest of the island? It was quite true that they were free to a very large extent. But there were certain things that they would not have if they were really free. If South Africa was satisfied with its status that was the South African people's own affair. Ireland was a nation before South Africa was thought of. It was as old as the British nation. Here, indeed, Mr. de Valera made a point that is often forgotten. Ireland is a self-conscious European nation, a Dominion neither in origin nor in substance, and the Treaty of 1921 has failed largely because it overlooked this essential fact and sought to treat a mother country as a developed colony.

Mr. de Valera went on to say that he had been asked why they did not declare a republic. It was because when they did so they wanted the declaration to be effective; they did not want a débâcle as in 1921. Their policy was to explore the possibilities of the position in which they found themselves in order to get the maximum amount of freedom out of it. When they came to the end of their

limit they would ask themselves how long it must be borne. In this connection it is interesting to remember that Mr. de Valera accused Collins and Griffith in 1921 of yielding to Mr. Lloyd George's threat of "immediate and terrible war." When asked by the Opposition to state what threats were now being made to prevent him from declaring a republic, he could only refer to economic action. If there was a position of real equality between the two countries, he added, common interests could be determined and a form of association agreed upon, to the mutual benefit of both. This, of course, means that he still believes it possible to revive the proposals for external association between the Free State and Great Britain embodied in the famous Document Number Two, and advocated by him in 1921. It is difficult to see what difference there is between external association and complete separation, for all international relationship can be covered by the term "external association."

In the House of Commons, on May 29, Mr. Thomas, the Dominions Secretary, said that his attention had been called to Mr. MacEntee's speech, and that he was glad to note its conciliatory tone, which Mr. de Valera's subsequent statements did not confirm. He added that the British Government were ready at any time to enter into negotiations with the Irish Free State Government for the settlement of all outstanding questions. The default of the British Government on the American war debt payments, and the German suspension of transfers of long-term debt service, encouraged a Labour member to move in the House of Commons, on June 18, for the repeal of the special duties on Free State agricultural produce. Mr. Neville Chamberlain, the Chancellor of the Exchequer, said that there was all the difference in the world between the default of the Irish Free State and the other defaults mentioned. The British Government was merely the channel between the Irish farmer, who bought his land and agreed to pay annuities, and the owner who sold the

land to the farmer. The British Government agreed to pay the owners, and the Free State Government agreed to collect the annuities and hand them over to the British Government for the purpose of meeting the obligation that the British Government had undertaken towards the owners. The Irish Free State Government was still collecting the annuities, and was withholding them from the British Government. The dispute between the Irish Free State and the British Government, although it originated in its present form in the withholding of the land annuities and certain other payments by the Irish Free State, was actually a political dispute. If the British Government had agreed to the Irish Free State's becoming a republic, and to other breaches of the Treaty, the dispute might have been settled. The duties had been put on to recoup, as far as possible, the British taxpayer for the loss that was unjustly and unfairly imposed on him by the action of the Irish Free State. It was expected that the default up to March 31, 1935, would be £14,512,000, of which it was estimated that £10,000,000 would be recovered by the duties. Mr. Chamberlain declined to give an assurance that the duties would not be continued as protective duties when the dispute ended. He could not say on what terms they would be able to settle with the Irish Free State, or commit himself to particular conditions.

Mr. de Valera, speaking in the Dail on June 22, characterised Mr. Chamberlain's statement as a complete misrepresentation. The Free State, he said, was simply refusing to meet a claim which they regarded as unjust, and which was not founded on any legal or moral right. If there was any movement by people in Great Britain to bring about a settlement, it must be based upon some understanding of the Free State Government's case. He argued that the land purchase advances were made on the joint credit of Great Britain and Ireland, and that the combined effect of the Government of Ireland Act of 1920, the Treaty, and the agreement of 1925, which relieved the

Free State of any liability for the British national debt, was to transfer to Great Britain the obligation of repaying the land purchases advances, and to Ireland the right to receive them, a right exercised by the Government of Northern Ireland. The question of the Free State Government's being a "channel" did not, therefore, arise. It had a right to collect, but it had no duty to transfer the moneys. Anything like the suggestion that there was a contract between the bondholder and the tenant-farmer was absurd.

Speaking in the Dail on June 6, Mr. MacDermot, one of the Opposition leaders, taunted the Government with maintaining the ideal of a republic and indefinitely postponing its realisation. Mr. de Valera, he said, was a bogus explorer, and the expedition into the adventurous wilds on which he invited them amounted to nothing more than a stroll round Stephen's Green. In other words, the Government were striking off fetters of cotton wool and knocking down castles of pasteboard. Demonstrations of that kind might impress our more foolish citizens, but they gave us a reputation abroad for childishness and self-deception. The policy of the Government was feeble and tinkering, a policy of pin-pricks. It poisoned our relations with the British Government, increasingly estranged the North, and was a demoralising influence on our own people. The preaching of republicanism by a Government that retained a non-republican constitution rotted the minds of our young men, excused the existence of organisations that used sinister methods to achieve aims of violence, weakened the authority and prestige of the Government, and produced hatred, dissensions and confusion of mind and purpose. They should, he said, either take the republic, and face the music, or have the courage to accept free and equal partnership in the British Commonwealth, the only method by which ancient animosities could be appeased, and North and South welded together.

In reply, Mr. de Valera made another long speech; the Opposition, he said, had taunted the Government with

being afraid to declare a republic, but the majority of the Irish people were prepared to accept the consequences of separation from Great Britain when the test was put to them. He would be willing to prophesy from the whole of Irish history that separation from Great Britain would take place, and it was becoming easier as time went on. They in the Free State were prepared to say to the British that they would give them a preference over other countries if Great Britain would give a similar preference to their goods. That, he said, was the sort of bargain that would last between the two countries, for it was based on equity and common interest. They had no enmity towards the British. They had no desire to injure them in any way. They were simply out to secure their own rights. They would not accept treaties or documents that were forced upon their people with threats. On July 5, Mr. Thomas, in reply to a questioner in the House of Commons, who asked whether the Government were prepared to consider the ending of the dispute with the Irish Free State on the basis of a united Ireland, said that no Government would coerce Ulster into an agreement against its will; they would not get a settlement by capitulating to terms that in the end would be more disastrous than the existing situation.

Mr. MacEntee, the Minister for Finance, speaking in the debate on the Appropriation Bill in the Senate, on July 12, made a statement on the present plight of the Irish farmer, and suggested that, while the land annuities might have given the British the opportunity of taking steps to restrict the Irish cattle trade, steps which they would in any event have taken sooner or later, they had little bearing on that trade at the present moment. The Irish Free State was the only country that could give Great Britain the raw material to supply its production, and he expressed the belief that it would enjoy that advantage, irrespective of what its political relations with Great Britain might be. Concluding, he said that the recent local

government elections, and in fact the whole history of the Free State, showed that, even though it might entail great economic suffering, the mass of the Irish people were not prepared for the full acceptance of the British Commonwealth of Nations. They should be given the right to choose for themselves what their relations with the Commonwealth were going to be, and to be free to make that choice. The best way to settle that question was to put the Irish Free State in a position of complete independence in regard to the Commonwealth, and then let the people of Great Britain, on the one hand, and the Irish people, on the other, negotiate what their future relations were going to be. Pronouncements of this kind, which ignore the existence of Northern Ireland and its attitude, are of little use, for the Irish people are not confined to the Free State. And so, with the constant repetition of these now rather monotonous statements and arguments, this senseless controversy proceeds. It is a tragedy that the statesmanlike common sense responsible for the recent Anglo-French and Anglo-German agreements, and for the negotiations with South Africa, seems to vanish when Irish affairs come up for discussion.

IV. The Local Elections

THE local elections, which took place on June 26, reveal no serious change in public opinion. The numbers of each party returned were as follows: Fianna Fail, 728; United Ireland, 596; Independents, 371; Labour, 185. Of the Independents, 118 are said to favour Fianna Fail and 253 United Ireland. This means that the Government bloc holds 946 seats against 934 held by its opponents. Four county councils—South Tipperary, Kilkenny, Queen's County and Waterford—which had anti-Government majorities, were superseded before the election by managers appointed by the Minister for Local Government, on the

grounds of alleged maladministration, and no elections were therefore held in these areas. General O'Duffy, somewhat foolishly, claimed before the election that his party would secure a majority in every county council. In fact, they have done so only in eight out of twenty-three. The most remarkable feature of the election results is the number of Independent candidates returned, but this is due to the operation of the proportional representation system of voting, which favours the return of powerful local personalities, who, with their relations and friends, are often able to obtain the necessary quota, regardless of their political affiliations. Labour has done very badly. In the Connaught and Ulster counties it secured no representation at all on the county councils, and only eleven seats in Munster. This shows that the Labour party, like the young lady of Riga, is likely to come back, from its ride with Fianna Fail, inside the tiger. The election was fought without disturbance, and, largely because of the Blue Shirt organisation, there was no attempt to intimidate or interfere with voters. All parties are notoriously hard up, as people have no money to spend on politics, and consequently, except for crude slogans, largely personal, painted on walls and roads, there was very little publicity or excitement.

On the whole the result proves that the Government, even on the restrictive property-occupation franchise on which the election was fought, are able to hold their own, and there can be little doubt that in a parliamentary election they would probably improve their position. Mr. de Valera, however, has not received the clear vote of confidence that he obviously expected, as at least half the responsible citizens are shown to be opposed to his policy. Before the election General O'Duffy unwisely stated that his party regretted the election could not be fought on the wider franchise; whereupon the Government took him at his word and re-introduced in the Senate the Bill to enlarge the local government franchise, which that House

had rejected last year. It promptly rejected it again. It is clear that Mr. MacEntee's optimistic budget* has been a strong point in Mr. de Valera's favour, and has been accepted by many people as proof of the country's prosperity, although most of those with property have only to examine their individual position to realise that this is a false conclusion. There seems to be no reason why Mr. de Valera should not now continue in office till the end of his normal term in 1938. By that time he will have abolished the Senate, and carried the other Bills that have been suspended by that House. These include the Bills for the abolition of university representation, the alteration of constituencies, and the reduction of the number of members in the Dail, the passage of which will strengthen his position in a general election.

On the other hand, his relations with the Irish Republican Army have not improved. Mr. Tom Barry, one of their leaders in the south, was recently tried by the military tribunal for being in possession of a machine gun and revolver ammunition, and was sentenced, on conviction, to twelve months' imprisonment, a result which did not increase the Government's popularity with his supporters. Mr. Ruttledge, the Minister for Justice, recently pointed out that if there was a change of government, the whole of the I.R.A. would be mopped up within twenty-four hours, and that he knew everything that happened at their meetings. This statement was obviously made for the purpose of reminding the I.R.A. that there are worse possibilities than Mr. de Valera. There is no doubt that the Civic Guards must now have full information concerning the I.R.A., as they have become a public organisation since Mr. de Valera came into office; consequently, their suppression would be comparatively simple if General O'Duffy were returned to power. But the I.R.A. have their own internal troubles as well. Their leaders have split, with our natural fissiparous tendency, into two

* See The Round Table, No. 95, June, 1934, p. 596.

separate parties, one led by Mr. Maurice Twomey, the Chief of Staff, and Mr. Sean MacBride, and the other by Mr. Peadar O'Donnell and Mr. Michael Price. The difference between them concerns tactics rather than principle. The Twomey group, who are in the majority and retain control of the I.R.A. proper, do not favour direct political action, whereas Mr. O'Donnell and his associates (now known as the Republican Congress party) advocate the establishment of a workers' republic through political methods, such as the contesting of elections and the penetration of the trade unions. The annual pilgrimage of the I.R.A. to Wolfe Tone's grave at Bodenstown was enlivened by a definite clash between these rival groups. Wolfe Tone, whom all the extreme organisations seek to appropriate as their patron saint, seems to have a bellicose effect on his votaries. The only real difference, however, between the new organisation and the I.R.A. is that the former is openly communist in aim and policy, while the I.R.A. prefers to camouflage, at least for the present, its communistic leanings.

Meantime, the tale of petty outrages continues. Since the United Ireland party was formed last September, over four hundred outrages have been reported in the press as having been committed against its members or supporters. Of these approximately 132 can be classed as major outrages, in that they were committed under arms, but only 35 persons have been convicted and punished for all these offences against public order. A disquieting development in Dublin has been the tendency of crowds of hooligans to pursue and maltreat members of the Blue Shirt organisation when in uniform, and it is not surprising that some of the latter have lost their heads and retaliated. In one recent case a Blue Shirt was convicted of manslaughter, having, under considerable provocation, shot one of a crowd attacking him.

Our economic position has not altered materially during the last few months. Our export trade is still declining.

During the year ended May 1934 our adverse trade balance increased by £4,000,000. It is now almost precisely equal to the value of our exports. The Free State's total trade is, to-day, little more than half what it was five years ago. The effort of the Government to build up an industrial life and organisation continues. Its most recent effort in this direction is a Bill intended to restrict still further the investment of foreign capital in Irish industry. Mr. Lemass, the Minister for Industry and Commerce, claims that since 1931 the employment in the food, drink, and tobacco industries has increased by 2,000, in the apparel industry by 4,500, and in the metal manufacturing industry by 2,000. But the other side of the picture is represented by the outspoken criticism of Mr. Norton, the leader of the Labour party, who, speaking in the Dail, did not hesitate to state that there is a most cruel and inhuman exploitation of child labour in connection with these factories; as well as by the fact that the Free State is one of the few countries in the world where unemployment is definitely increasing. It is believed that the Government intends shortly to introduce legislation which will practically prevent British fire and accident insurance companies from doing business here, and that some form of government guaranteed insurance scheme will be proposed. It is also probable that the banking system will once more be brought under review, and that the establishment of a central bank under government control is possible. Obviously, such a step would facilitate the raising of future government loans.

The Irish Free State.
August, 1934.

GREAT BRITAIN: HOME AND FOREIGN AFFAIRS

THE issues that have been uppermost in British politics during the past three months are not, properly speaking, issues of the moment: they are, if not always, for a long time with us. The Joint Select Committee that is to advise Parliament on the future constitution of India has been considering its report, and meanwhile the agitators against the White Paper plan have been skirmishing with its defenders up and down the country, particularly in Lancashire. There has been an effervescence of fascism which has stirred all three leading parties into vehement championship of our traditional liberties. And largely because of fascism abroad, foreign politics and defence still occupy much space in our newspapers, our parliamentary debates, our thoughts and our conversation.

I. Lancashire and India

THE Committee of Privileges completely and unanimously exonerated Sir Samuel Hoare and the Earl of Derby from Mr. Churchill's charges of tampering with the evidence before the Joint Select Committee on the Indian reforms. The Committee of Privileges were

> clearly of opinion that the Manchester Chamber of Commerce were, in fact, not over-persuaded or talked into an opinion which they did not honestly form.

Sir Samuel and Lord Derby had admittedly brought to the Chamber's attention the fact that publication in India of

certain passages in the original memorandum of evidence would gravely prejudice the success of the Lancashire mission, which had been given a mandate of co-operation and good-will. But the decisive influence in altering the Chamber's mind was messages from the mission in India itself.

In an important part of their report, the Committee of Privileges discussed the character of the Joint Select Committee, which Mr. Churchill had described as "sitting in a judicial capacity."

> The Committee (ran the report) is concerned with questions partly of policy and expediency and partly of constitutional theory and practice. . . . The ordinary rules which apply to tribunals engaged in administering justice or deciding issues of fact between contending parties cannot be applied to the Joint Committee.

Many of its members had already, before their appointment, formed opinions about its subject matter. Its proceedings were open to press comment. Witnesses before it might appear as advocates of a particular political theory or might represent a particular interest for which they asked protection.

This point was naturally seized upon by the Conservative opponents of the White Paper, who have strongly protested against the Government's policy of keeping India out of party debate while the constitutional reforms are being considered by the Joint Select Committee. The *Morning Post*, the leading die-hard journal, gave this interpretation of the Privileges report.

> The Committee, that is to say, having already made up its mind on the case to be considered before it was appointed, there could be no harm in trying to influence the witnesses (so long as the attempt was not successful).

Mr. Churchill himself made play with the same argument in the debate on the report of the Committee of Privileges. He refused to withdraw or modify his charges. The report,

he claimed, had established that the Secretary of State and Lord Derby, through the best of motives and in a perfectly honourable manner, had attempted to deter the Manchester witnesses from presenting the evidence they desired.

The incident has had two main effects. It has embittered still further the personal and political antagonisms aroused by the India issue in the Conservative party. And it has woken ancient strife in the Lancashire cotton industry. At the end of June Mr. Churchill addressed a big meeting in Manchester, at which he appealed for " the exhumation of the corpse " of the original evidence laid before the Select Committee. A resolution to this effect was carried, demanding " that effective guarantees for the maintenance of the mutually advantageous trade between Great Britain and India should be inserted in the proposed new Indian constitution." Later the malcontents requisitioned a special meeting of the Manchester Chamber of Commerce, at which they submitted a resolution re-affirming the original proposals of the Chamber for safeguarding British trade in India, as expressing the true interests and needs of Lancashire. The resolution, however, was defeated in favour of an official amendment pledging support for the efforts of the Chamber

> in representing to H.M. Government their anxiety in connection with the White Paper proposals. The meeting wishes particularly to endorse and emphasise what has already been submitted to the Joint Select Committee . . . to the effect that the British Parliament is under an obligation to avoid any situation which would imperil the existence of the cotton trade. The meeting therefore urges on H.M. Government the paramount importance of inserting in the proposed new Government of India Bill definite safeguards for the British cotton textile trade with India, so that, while in no way interfering with the development of the Indian cotton industry, such safeguards will ensure a reasonable chance of the continuation of the old-established and important trade in British cotton textiles in India.

Both parties to the dispute hailed this result as a victory for their side.

The Lancashire conflict runs deep. Can special interests

be protected under the new régime in India by constitutional checks and safeguards? Or is their surest defence the grant to India of a constitution that will give the reins to men of moderation and sense, and maintain between India and Great Britain the good-will that a stinting of self-government might well destroy?

II. Socialism, Fascism and Sedition

THE Unemployment Bill* has passed into law, though not all of its provisions are yet operative. When it is brought fully into force, public assistance to the able-bodied unemployed who have fallen off insurance will be administered exclusively under national statute by a national authority, headed by an Unemployment Assistance Board. Sir Henry Betterton, lately Minister of Labour, has been appointed first chairman of the new Board. A man of courage and intelligence, liked by all parties, he was a popular choice; but some Opposition critics have vigorously expressed their doubts whether it is wise to appoint as chief administrator of an Act one who has been himself largely responsible for the terms of the Act and for piloting it through Parliament.

The appointment entailed some ministerial changes—a delicate matter when the balance has to be maintained between the different groups that compose the National Government. Mr. Oliver Stanley succeeded Sir Henry Betterton, and was himself succeeded at the Ministry of Transport by Mr. Hore-Belisha. The latter's position at the Treasury was filled by Mr. Duff Cooper, the Financial Secretary to the War Office; Mr. Hacking, who took over Mr. Duff Cooper's post, was succeeded as Parliamentary Under-Secretary to the Home Office by Captain Crookshank. The general post strengthens the "young Tory"

* See The Round Table, No. 93, December 1933, p. 126, and No. 94, March 1934, p. 354.

element in the Government, especially in view of the fact that Mr. Stanley enters the Cabinet. The more far-reaching reorganisation of the Ministry that was predicted when the Prime Minister's health compelled him to rest for several months has not taken place. In Mr. MacDonald's prolonged absence abroad Mr. Baldwin presides at the Cabinet, and while Mr. Baldwin is himself on his usual continental holiday Sir John Simon acts in his place. Conservatives of the Right have openly grumbled at this preference of the National Liberal Foreign Secretary over the Chancellor of the Exchequer or some other Conservative member of the Cabinet.

Sir Henry Betterton's appointment necessitated his resigning his seat in Parliament. Rushcliffe again returned a Conservative, as it has at every election since the war. The most noteworthy outcome of the election was the decline in the Liberal vote. The total poll was 6,000 lower in the by-election than in 1929; of that 6,000, Labour lost 1,000 and the Liberals over 5,000. Electorally, the Liberal party is in an unhappy position. If it puts up candidates at every by-election, some are bound to do badly, and their failure damages the party's prestige; on the other hand, if the fight is frequently left to Labour and Conservatives, the electorate gains the impression that there are only two parties worth bothering about. At Rushcliffe the Liberal vote does not seem to have been given preponderantly to the Labour candidate, as in certain other by-elections; but small polls make interpretation difficult. At West Ham, Labour regained a seat that they lost in 1931, but their vote dropped by more, compared with 1929, than did the Conservative vote. An extreme Left candidate, representing the Independent Labour party, threatened the Labour cause at the by-election, but he obtained little more than one-thirtieth of the poll. At another by-election of the quarter, at Merthyr Tydfil, rival Left-wingers appeared, an I.L.P. representative and a Communist. Their combined poll would have placed them a

moderate third to an official Labour candidate and a Liberal (who incidentally did very well); but as rivals each of them lost his deposit. Thus even in the most depressed areas extremism seems to make little appeal. The other by-elections to be recorded (Hemsworth in the West Riding, Monmouth, Twickenham, Weston-super-Mare, and Fermanagh and Tyrone) produced no change in the habitually Conservative representation.

The voting has given evidence of three things. First, there is little political enthusiasm among the electorate. No party, and no issue of the moment, seems violently to attract either their hatred or their devotion. Second, communism makes no noticeable headway in seducing the Labour voter from his party allegiance. Third, the Liberals lack something that is needed to appeal to the masses—leadership, perhaps, or a policy sharply distinct from that of the other two parties. A well-known Liberal, Major H. L. Nathan, M.P. for North East Bethnal Green, has publicly joined Labour. He severed his connection with the Liberal party in the House eighteen months ago, by crossing into Opposition before the decision to do so was taken by the party leaders. In his view,

> The Liberal party, whatever its achievements in the past—and they were many and great—as an organised political force is doomed. The electors have shown clearly—and never so plainly as in the last few months—that they want to return to the two-party system.

If that is true (it certainly cannot be accepted as proved) two sources of comfort will be found by those, whether they call themselves Liberals or not, who view with concern the difficulties of this great party. First, the leaven of ex-Liberals will check the tendency shown in certain Labour circles to count personal and parliamentary liberties as little worth beside the need they allege for sweeping reorganisation of finance and industry. Second, the three-party system always threatens the possibility of parliamentary deadlock, to the public discredit of democratic

institutions. Fugitive alliances of minority blocs presage a triumph of fascism.

In a recent address Sir Herbert Samuel acknowledged that the reason why there was no prospect of the return of a strong Government of the Left was because " the progressive forces—both of leadership and of numbers—are divided; they are divided between Liberals and Labour." The barrier to co-operation, he added, was that Labour had tied its fortunes to the theory of socialism. Attachment to socialism was, indeed, underlined in the Labour party's most recent statement of policy, issued by the National Executive Committee of the party under the title *For Socialism and Peace.* Public ownership and control of the principal industries and services is declared to be an essential step in a fundamental economic reconstruction. Fair compensation should be paid to existing owners, but thereafter they should have no further part in the control or management or policy of the publicly owned concern. Drastic reorganisation—in most cases immediate public ownership—is demanded for banking and credit, transport, electricity, water, iron and steel, coal, gas, agriculture, textiles, shipping, ship-building and engineering. The Governor of the Bank of England should be appointed by the Government and be responsible to a Cabinet Minister. The joint stock banks should be amalgamated into a single banking corporation and run by a small directorate appointed by the Government, which would indicate the general lines of policy. While the manifesto asserts that reform of the procedure of the House of Commons is urgently necessary, it is at pains to assert the democratic and anti-fascist principles of the Labour party, which "seeks to attain its purposes by persuasion, and not by violence, and to maintain that right to full freedom of criticism and association without which human life is deprived of dignity and fullness."

Of the character of fascism in Great Britain an earlier article in this number has written at length. Here we

nply note the hot indignation aroused by the
hat took place at the Olympia meeting, addressed by
ald Mosley, on June 7. Among the eye-witnesses
blicly protested against the violence used upon
ters by black-shirted stewards were several Con-
: members of Parliament. In answer to a question
House of Commons, the Home Secretary pointed
in accordance with settled policy it is no part of
nary duty of the police to deal with interrupters at
neetings held on private premises. They have no
hority to enter the premises except by leave of the
or the promoters of the meeting, or when they
od reason to believe that a breach of the peace is
ommitted. Nor is it any part of the duty of the
o act as stewards at meetings. At Olympia, the
vere not called into the meeting, though on one
a party of policemen entered the building on
nformed that a man required attention. The
ecretary pointed out, however, that hitherto police
had been based on the assumption that in dealing
terrupters stewards would act without undue
and would themselves avoid illegal acts. If this
ion was found to be unwarranted as regards meet-
anged by any organisation, the whole question of
ction inside such meetings would have to be
l.

of disorder on the scale which we have recently witnessed
John Gilmour) cannot be tolerated, and if they continue
e necessary to arm the executive authorities with further
or the purpose of preserving public order.

efinite action has yet been taken in this direction,
haps no statutory changes are necessary. The
ty of banning the wearing of political uniforms is
ler consideration by the Government. They will
ss be reluctant to create a new and necessarily
fence, and will prefer, if it is possible, to rely upon

the law as it stands and the common sense of British citizens.

Meanwhile, they themselves have been accused by their opponents of fascist intentions in promoting the Incitement to Disaffection Bill, commonly known as the Sedition Bill. From the point of view of the Government, it is a timely and essential measure to check seditious propaganda among the armed forces of the Crown, if necessary by preventive action against those who seek to beguile the men from their allegiance. From the point of view of the Opposition, it is an abuse of official authority, a threat to free speech, an encroachment on the liberties of the subject—liberties that were won, in face of just such legislation, by Wilkes and other heroes of British democracy. It is strange, perhaps, that the Minister in charge of a Bill against which such accusations can plausibly be raised should be Sir Thomas Inskip, the Attorney-General, who pleaded not long ago for the continuance of National Government on the very ground that a reversion to party politics would let in the enemies of democracy, who would carve up our cherished liberties.

It is stranger still that the Labour party, whose socialist policies must necessarily inflate bureaucracy and enhance the power of the executive, should find on this occasion a notable ally in Professor Sir William Holdsworth, the distinguished author of the *History of English Law*. For Sir William has frequently protested against the encroachment of bureaucracy and executive authority upon the judicial and legislative fields, and it is mainly on this ground that he has based his criticism of the Sedition Bill. Yet after all, Sir William and the socialists are no less companionable bedfellows than bookies and anti-gamblers in opposition to government totalisators, or bootleggers and teetotallers in defence of prohibition. His main objections to the Bill were three : that Section 2 (2), which created an offence of doing, or attempting to do, an act preparatory to the commission of an offence under another

section, was contrary to the spirit of our criminal law, in its loose definition of a crime; that far too wide powers were given to a single Justice of the Peace in the determination of what was a suspicious act justifying search or arrest; and that the Bill revived that notorious threat to individual liberty, the general search warrant. On the last point he quoted with effect the famous judgment of Chief Justice Camden in Entick *versus* Carrington in 1765:—

> With respect to the arguments of State necessity (said Lord Camden) or a distinction that has been aimed between State offences and others, the common law does not understand that kind of reasoning, nor do our books take notice of such distinction.

Need we look further for a text against fascism?

The Government have struck out Section 2 (2), have given to two magistrates the authority (previously given to one) to order a search of a suspected person or premises, and have made further concessions on the Bill in Standing Committee. In this, though they have not yet placated Sir William and other critics, they have given evidence of their good faith in the defence of our liberties. Sir Thomas Inskip, in a heated defence, described the Bill as one of those minor measures conceived to be necessary to prevent our liberties from being interfered with. Abuses of power could not be limited by any Act of Parliament. The checking of them must depend on the control of the House of Commons over the executive. The real safeguard, he declared, was not in putting amendments in the Bill, but in retaining freedom of parliamentary discussion. If under the search warrant clause things were seized under conditions which were not proved to be justified, there would be such an explosion of popular indignation that no Government could survive for twenty-four hours. Sir Thomas doubtless exaggerates; for it happens not infrequently that through mistake, excess of zeal, or very occasionally malice, unjustifiable charges are brought against individuals, and the surface of the political waters

is barely ruffled. But he has made it plain that he and his critics fight on the same side against a common enemy—arbitrary power seeking to destroy the rule of law. Quite recently the law strikingly asserted itself by procuring the acquittal of two well-known communists, Messrs. Pollitt and Mann, who had been arraigned on a charge of making seditious speeches. In brief, judge and jury found the police evidence too good to be true. Mr. Justice Talbot, summing up, declared that there was no law in this country against either the forming or the expression of opinions on any public matter—political, social or economic—so long as it had not been directed to an illegal offence.

III. Foreign Policy and the Air

AMID this restlessness at home, turbulent conditions abroad have kept foreign policy in the centre of public and parliamentary interest. The different parties denounce each other, in this no less bitterly than in other fields; but that British public opinion is largely united on the essentials of our foreign policy was proved by the general welcome given to Sir John Simon's pronouncement on the Barthou plan for an " Eastern Locarno." After outlining the proposal—a regional pact of mutual guarantee between Russia, Germany, the Baltic States, Poland and Czecho-Slovakia, and a tri-partite guarantee, involving Russia, Germany and France, to reinforce the Locarno treaties—the Foreign Secretary described the conditions that he had attached to British support, in his conversations with M. Barthou. First, " whatever the interest or encouragement which this country may be prepared to offer to this new pact, we are not undertaking any new obligation at all." Second, the guarantees must be genuinely mutual, so that there should be no suspicion of building up one combination against another—Russia and France must give the same guarantees to Germany as, in association with her,

they gave to each other. Third, the pacts must be subordinate to the general collective system represented by the League of Nations; and to this end the U.S.S.R. should be brought into the League, where Great Britain was prepared to welcome her warmly. Fourth, the opportunity of the pacts should be used for a fresh attempt to secure international disarmament, on the basis of "the principle of German equality of rights under a régime of security for all nations."

If these conditions were fulfilled, the proposal well deserved the support of the British Government and the British people. Opposition and Government supporters alike applauded; even Mr. Churchill was found approving the entry of the Soviets into the League, and affirming that it was the interest of Russia to preserve peace. The pronouncement, indeed, turned despair into hope in many a man's contemplation of the European cauldron. But the problem of security and pacification is like a Chinese puzzle; how often, with those baffling pieces of wood and wire in our fingers, have we imagined that the solution was found, when most of the elements had slipped cunningly into place, only to discover that the whole must be taken apart again because some forgotten piece would in no wise fit? Perhaps for a like reason M. Barthou's ingenious solution of the European riddle was given a premature acclaim. Afterwards the doubters began to formulate awkward questions.

How will Poland, embarked willy-nilly on the shifting tide of Russo-German relations, view the prospect either of an alliance between them or, in the alternative, of their fighting on her soil the battles to which the new guarantee system might one day compel them? Will Germany be willing to add to her non-aggression agreement with Poland a positive guarantee of existing frontiers, to be backed by the arms of France, Russia and the Little Entente? Will she not view the proposed system as a fresh *Einkreisung*, masquerading in the thin disguise of mutuality—as an attempt, that is to say, to bring Russia and the Baltic

States into the pro-French bloc of the Little Entente and Poland ? Will the Baltic States, including Lithuania, accept any more readily than Germany the permanence of their present frontiers ? Is this but another instrument for solidifying the whole territorial situation in Europe as it arose from the peace treaties and the subsequent conflicts ? What of the countries not invited to participate—Hungary, for instance ? Above all, how does the plan bear on the most inflammable issue of all in Europe, that of Austrian independence ?

There are, indeed, objections to every human device, and doubtless these hypothetical troubles are more than balanced by the remarkable merits of the Barthou plan. But before the chancelleries of Europe had had time to weigh the various arguments, or public opinion to express itself, events occurred that placed the whole project of an " Eastern Locarno " in the shadow of an immediate threat to peace. The Nazi coup that brought Dr. Dollfuss to his death was indeed defeated—largely, it seems, because the insurrectionaries over-estimated the public support behind them ; but as a result the unstable equilibrium of Austrian politics has become even more precarious. Though Herr Hitler made haste with lively gestures to wash his hands of the affair, not all the perfumes of Arabia (or Arya if you will) can out the damnéd spot that marks the record of his public attitude towards Austria. Another and better opportunity of intervention may come one day. Henceforward, perhaps, he will be deterred a little, from what he has acknowledged in *Mein Kampf* to be his eventual design, by the clear proof that in order to secure Austria he will have to fight Italy—and if Italy then doubtless others too. The embitterment of Italo-German relations was one of the most unhappy results of the assassination of Dr. Dollfuss. Perhaps the best that can be said of the incident is that it has helped to fuse Austrian opinion, has reduced the strength and enthusiasm of the malcontents, and has given to Germany a stern warning.

Foreign Policy and the Air

Official British policy is simple and unchanged. We support the independence of Austria. We have, indeed, put our name to protocols in which Austria herself promised to maintain it, and we share with Austria in more general instruments guaranteeing the integrity of all subscribing countries. But we uphold the independence of Austria as a matter of high policy as well as of treaty engagement; for her absorption into the Reich would set Italy at Germany's throat, would clasp Czecho-Slovakia in geographical pincers, and would threaten the whole balance on the Danube. The mass of British people, perhaps, know little about the terms of our international undertakings or the strategic dangers of central Europe. But they could, and did, instantly appreciate that interference by a great Power in the internal politics of its smaller neighbour is a base breach of international rights, and that the assassination of Dr. Dollfuss was a miserable crime.

There has been no debate in the House of Commons on foreign affairs since the events of July 25 in Austria, but they were fresh in everybody's mind when five days later the House debated the programme of increased air defences that had just been announced. The programme, which if fully carried out will raise the number of machines in the Royal Air Force from 844 to 1,304, is to be spread over five years, and is in any case contingent on the circumstances of the future, including the progress of the Disarmament Conference. Even the critics of this decision admit that it has not been taken lightly or wantonly; for the air force programme of 1923, which was then intended to be carried out with as little delay as possible, has never been completed, and in the last few years, while other countries have been largely increasing their air forces, we have held our hand in the hope of success at the Disarmament Conference, or in fear of prejudicing its prospects. During the last four years, according to Mr. Baldwin, whereas our increase of air strength has been but 42 machines, France has added between 300 and 400 machines to her force, and

has appropriated £15,000,000 for re-equipment over and above the annual air estimates; *Italy*, though she has increased her strength by no more than 65 machines, has provided £2,750,000 for the "renovation" of her air force; the United States *has not only increased* her strength by 240 machines, but has also just approved a programme of 1,184 additional aircraft for the naval air service; Russia, for whom precise figures are difficult to obtain, "is making considerable increases to an already very large force." As for Germany, she is, of course, forbidden by treaty to possess any military air force; but she leads the world in civil aviation, and it stands to reason (according to the Lord President of the Council) that when she has the right, or seizes the right, to re-arm, "she has every argument in her favour, from her defenceless position in the air, to try to make herself secure."

Mr. Baldwin was not altogether happy in drawing what he perceived as the moral of these facts. No doubt there echoed in his mind the memory of earlier speeches in which he depicted the horrors of a future war in the air.

> The only defence (he said in November 1932) is in offence, which means that you have to kill more women and children more quickly than the enemy if you want to save yourselves.

This is, indeed, no argument for putting ourselves in the position of seeing our own women and children slain without being able to make an equal or more drastic retort; but it is an argument for putting every ounce of effort into securing an aerial disarmament convention, even at the immediate cost of military or political interests. The Government, said Mr. Baldwin, stand by the British draft convention presented to the Disarmament Conference. That plan envisaged the complete abolition of military and naval aircraft, subject to an effective supervision of civil aviation to prevent its misuse for military purposes (a problem which has not been solved). This ultimate goal not being immediately attainable, we had proposed that before the expiry of the convention every

national air force should be reduced, the maximum being 500 aeroplanes. Mr. Baldwin claimed that an increase of our air strength, so far from prejudicing the success of the Disarmament Conference, might spur it to more fruitful efforts. The main obstacle to its success at the moment was the insistence of Germany on an immediate measure of re-armament and France's refusal to agree to it.

> This gulf (he went on) is not easy to bridge, but it is not likely to be made any wider by our remedying the deficiencies in our national defences. . . . If the other nations find that we are no longer content to remain comparatively disarmed in this respect when they are all armed, and that increasing expenditure on their part may be met in like manner by ourselves, that in itself will be no mean weapon to use in inclining them to discuss more seriously than some of them have yet done the question of aerial disarmament.

The unhappy thing is that this or similar arguments may be used by other countries, not least cogently by those now compulsorily disarmed.

But plainly Mr. Baldwin's want of ease in arguing the Government's case lay not so much in his anxiety for disarmament as in the lack of certainty in his mind upon what fundamental conception of international politics British defensive policy must be based. He laid stress on our collective obligations, and on the need for having adequate forces to carry them out; if we have not, our strength when sanctions come to be used against the aggressor, and the influence of our guarantees in maintaining the general peace, are alike enfeebled. But the Lord President was not able to say—because it would have been untrue—that we ourselves relied in any direct sense on collective guarantees to ensure our own security; and there were passages in his speech that suggested he was thinking in terms of a broken-down League and of a European system of alliances, balance and national policies, such as ruled before the war. In a sentence hailed with delight in France as recognising at last the unity of purpose and interest between that country and Great Britain, he declared that

when we think of the defence of England we no longer think of the chalk cliffs of Dover; we think of the Rhine. Mr. Churchill was still more outspoken. Germany, he said, is the specific danger. *If Germany is secretly re-arming in the air (as many people believe),*

> then there is cause for the very grave anxiety which exists in all parts of the House, not only because of the physical strength of the German air force, but I am bound to say also because of the character of the present German dictatorship.

The Foreign Secretary's reply was cautious, but he declared, after referring specially to Germany, that the purpose of the Government's proposals was to secure, among other things, that at no moment during their stewardship would this country fail to have a military air force adequate to the circumstances with which we might have to deal. This basing of defensive policy on the definite contingencies that seem to present themselves is doubtless wise in the troubled world that we know. But it may be asked —and the Opposition did not forget the question—what has this to do with the declared aim of parity in the air with any foreign Power. If Germany is the potential enemy, why seek parity with France ? If on the other hand our purpose is to be strong in defence of the collective system, why plan in terms of limited alliances and special objectives ? The fact is that we have not yet thought out our position in the world of to-day. Perhaps our hesitation is all to the general good; for an uncritical faith in a weak collective system would be as dangerous as a flat decision to go back to isolation or alliances.

It is a deplorable fact that although Mr. Baldwin declared that the air armament proposals formed part of a comprehensive scheme covering imperial defence, not a single contributor to the debate discussed air defence as a co-operative business of the British Commonwealth, or referred to the size, the nature and the purpose of Dominion air forces.

Foreign Policy and the Air

There was another aspect of the air armament proposals that received but little attention in the debate, and that was the cost to the taxpayer. An estimated total of £20,000,000 is to be spread over five years. This is not very much in itself, but unfortunately it is not the only new expenditure that has been incurred or promised since the budget was so triumphantly balanced. The proposed subsidy to tramp shipping * is to cost a maximum of £2,000,000 for one year, of which, at a guess, one half may be paid out before the end of the current financial year. No less than £3,000,000 is to be paid into the new Cattle Fund for the benefit of British graziers,† all before March 31 next; by that time, expenditure under the Milk Bill ‡ will have amounted to £1,882,000. Various other supplementary items, excluding the additional air vote that will be needed, bring the total of unbudgeted expenditure to well over £6,000,000. The revenue returns, it is true, have been buoyant, but when the economy motive is apparently so little regarded it is time to take thought for a more distant future than the next few months, and to ask ourselves whether before long another purge like that of 1931 may not become necessary in the national finances.

* See p. 762. † See p. 754. ‡ See p. 756.

CANADA: CONSERVATISM ON THE BRINK

THE first half of 1934 has witnessed some important developments in Canadian politics, their most significant feature being a serious retrogression in the fortunes of the Conservative party. Moreover, this comes at a time when the party, at least in the federal field, has been displaying, under the leadership of Mr. Bennett, a zeal for progressive legislation and adventurous economic experiments that has not been habitual to it in the past. The Ministry, indeed, achieved during the session that has just ended a notable record of legislative accomplishment of a very useful type. The Bill providing Canada with a central bank, the Natural Products Marketing Act, and the new franchise measure, which creates a permanent register for federal elections, and promises to curtail the length of campaigns, will all effect far-reaching changes in their respective spheres of operation; substantial relief was granted to debt-burdened farmers, an adventure in currency inflation was launched by an amendment to the Dominion Notes Act, the Bank Act underwent its decennial revision, and there were very useful, if humdrum, achievements in the recasting and consolidation of federal legislation on shipping, corporations and insurance. Few sessions since the war have yielded such a large and important list of new legislation.

Yet, while the session was in progress at Ottawa, the Conservative party suffered two grave reverses in provincial politics; following the loss of Nova Scotia and British Columbia in the latter half of 1933, it has now to contemplate ruefully the passing of two other large provinces,

Ontario and Saskatchewan, into Liberal control. By far the worst blow was the devastating defeat that befell them in Ontario on June 19. For years Ontario has been what would be called in the United States a "rockribbed stronghold" of the Conservative party. It was as long ago as 1904 that a Liberal Ministry last held office at Toronto, and in the intervening years the Conservative supremacy was unbroken, save for a brief interregnum of a Farmer-Labour Government after the war. In the last legislature, elected in October, 1929, the Conservative party held four-fifths of the seats, and it seemed assured of almost indefinite continuance of political control in the province. The Liberal party was weak, badly organised and rent by internal quarrels, and the independent agrarian movement had petered out. But a succession of developments after 1930 wrought a rapid change in the political scene in Ontario. In that year the province felt the full impact of the depression, which brought about a collapse of industry, widespread unemployment, hard times for farmers, increased government expenditures and diminished revenues ; and just at this time the Conservative Ministry was deprived of the leadership of Mr. Howard Ferguson, who had been the chief architect of its victory in 1929, through his acceptance of the office of High Commissioner in London.

It soon became plain that his successor, Mr. George Henry, though a trusted colleague, could not bend Ulysses's bow. His Administration was before long in trouble, struggling with a host of baffling economic and social problems. Meanwhile, the Liberals, who had been afflicted with incompetent or unsatisfactory leaders ever since the Hon. N. W. Rowell migrated to federal politics in 1917, had chosen in 1932 a new leader, Mr. Mitchell Hepburn, who at the age of 30 had won a seat in the Federal Parliament at the general election of 1926. Grave misgivings about his youth and inexperience were entertained when he was selected, but he soon proved to be exactly the sort of leader

that the times demanded for an Opposition faced with an uphill fight. The Conservative press has been fond of hurling such epithets at him as "cocky," "blatant," "irresponsible" and "reckless"; but he was not long in showing himself to be an expert electioneering artist of the Lloyd George brand, with an infinite capacity for witty vituperation, and a real gift for the telling phrase and the gibe that sticks. Retaining his seat at Ottawa, but blithely neglecting his duties there, he campaigned for two years up and down Ontario, and found large audiences to listen to his vitriolic indictment of the Henry Government for a long list of sins. He charged it with incompetent stewardship of the province's affairs, with wasteful extravagance in administration, with crass neglect of the unemployment problem, with favouritism to political friends, and with other misdemeanours; as the depression deepened, he managed to capitalise successfully the widespread popular discontent.

He also found invaluable ammunition in some scandals involving the honour of Ministers. The most serious of these charges concerned a transaction whereby in 1930 the Ontario Government had acquired for the Hydro-Electric Commission of Ontario a large power development on the Abitibi canyon in northern Ontario, owned by a company whose finances were in such a sad plight that the value of its $100 bonds had fallen to below $30. The Ontario Government, nevertheless, agreed to place a value of $90 on these depreciated bonds, and it was a great day for Mr. Hepburn when it was revealed that, at the time of the transaction, Mr. Henry had held personally $25,000 of these bonds, and was the director of an insurance company owning $200,000 more. The Premier was charged by his opponents with using his high office to avert financial losses for himself. There was great dismay among the better element in the Conservative party, and influential Conservative papers like the *Ottawa Journal* and the *London Free Press* urged Mr. Henry to resign forthwith;

but he stubbornly clung to the Premiership, essaying some naïve explanations of his conduct, which merely served to convince the public that, if he was honest, he was extremely stupid.

Faced with a rising flood of popular indignation, and worried to death by Mr. Hepburn's wasplike attacks, the Conservative Government, last spring, played its final card in the shape of a measure liberalising the liquor laws so as to permit the public sale of wine and beer in hotels and clubs under strict government regulation. Mr. Hepburn, however, countered this move by endorsing the proposed legislation, and declaring that he would permit nothing to divert public attention from the misdeeds of the Ministry. The latter, having waited till almost the last available minute before plunging into the chill waters of an election, made the campaign as brief as possible. But from the start it was on the defensive, and Mr. Hepburn was able to keep the unhappy Ministers running round in baffled despair like frightened poultry chased by a fox.

The Liberals also decided that it would be good strategy to introduce federal issues into the provincial contest; they therefore proceeded to lay the blame for industrial unemployment, agricultural depression and other troubles on the fiscal and other policies of the Conservative party, and to argue that the defeat of the Administration in Ontario, by driving another nail into the coffin of Mr. Bennett's Ministry, would be a long step towards the reversal of these policies. Faced with this attack, Mr. Bennett intervened in the election with a radio appeal on the eve of polling, but it failed to rally the thousands of disaffected Conservatives, who either stayed at home or voted Liberal. The Government had also to cope with the attack of the new C.C.F.* party, which nominated candidates in about 30 seats, and, as the event proved, drew votes in the industrial centres from Conservative rather than from Liberal candidates.

* Co-operative Commonwealth Federation.

Canada: Conservatism on the Brink

All the portents indicated that the Conservatives would be defeated, but nobody was prepared for the tremendous landslide that swept them out of office and gave the Liberals a more commanding majority in the new legislature than their opponents had ever enjoyed after their greatest triumphs. Out of 90 seats in the legislature, Liberal candidates of the official stripe captured 65, and 7 more were filled by members of hyphenated nomenclature, who are pledged to co-operate with the Liberals. Hence although the C.C.F. returned but a solitary member, the Conservatives found their representation reduced to 17, the lowest in the party's history. They find, however, some little comfort in the figures of the popular vote, which were as follows: Liberals, 717,055; Conservatives, 593,133; C.C.F., 98,489; others, 83,030.

Mr. Hepburn, who at once took office, has formed a Cabinet that is counted presentable, but only two of his Ministers have had any administrative experience outside local affairs, and it has yet to be tested in the hard school of office. Although its tendency to enforce the rule of *vae victis* in politics by dismissing office-holders of Conservative leanings displeases the enemies of the "spoils" system, it has already been able by its house-cleaning activities to effect considerable economies in administrative expense. It has also initiated an inquiry by two judges into the Abitibi power deal, and proposes to hold similar inquisitions into other transactions of the late Government. During his campaign Mr. Hepburn pledged himself to abolish the office of Lieutenant-Governor, on the ground that the latter's functions could be adequately performed by the Chief Justice of the province. Since assuming office he has invited Lieutenant-Governor Bruce to resign voluntarily, but it is doubtful if he will carry out his threat to withdraw the annual vote for the maintenance of Government House at Toronto, as there is no popular enthusiasm for such a move.

On the whole the change in the Ontario Government

was generally welcomed ; for the provincial Conservative party was obviously suffering from most of the maladies that arise from unduly prolonged tenure of office. But for the Liberal party generally the recapture of Ontario after thirty years of futile striving was indeed a " crowning mercy," and Mr. Mackenzie King, Mr. Taschereau and other Liberals proceeded forthwith to predict the impending doom of the Bennett Ministry at Ottawa.

The simultaneous Conservative defeat in Saskatchewan, which polled on the same day, was less surprising ; for this western province is a predominantly agrarian community and its inhabitants have acquired an ingrained animosity to the high tariff policies favoured by the Conservative party. Accordingly, ever since its organisation in 1905, the province had an unbroken succession of Liberal administrations until in 1929 it ejected the Gardiner Ministry and installed a Conservative Premier, Mr. J. T. M. Anderson, in office. Lacking a majority in the legislature, however, he had to rely upon the support of Progressives and Independents, and as the agricultural depression grew worse with the decline in prices, aggravated by a series of droughts, his Ministry led a difficult and embarrassed existence. By-elections also revealed that the voters were ready for a change.

By the beginning of this year the Liberals under Mr. Gardiner, who had meanwhile reorganised their forces, saw only one serious obstacle to their return to power, namely the growing strength of the new Co-operative Commonwealth party. It had secured in the province a very competent and attractive leader in Mr. M. J. Coldwell, a school teacher in Regina who had had a successful career in the municipal politics of that city. Moreover, the very radical programme of the C.C.F. seemed likely to appeal to debt-ridden farmers, who had for several years been hard put to it to make a bare livelihood, and who were in a thoroughly disgruntled mood.

During the election the Liberal leaders adopted a very

plain strategy for dealing with the Conservatives; they simply branded them as complaisant accomplices of the Ministry at Ottawa in foisting upon Saskatchewan a high tariff policy. The latter, they asserted, by provoking fiscal reprisals on the part of other countries, had injured numerous foreign markets for grain and thereby depressed its value, and had also raised the costs of production when they ought to be lowered. As in Ontario, the cry was raised that the defeat of Mr. Anderson would bring nearer the end of Mr. Bennett's reign at Ottawa. In his election manifesto Mr. Gardiner said:

> The objective of the Liberal party is to find outlets for the surplus of wheat and other farm produce which Saskatchewan sells. The Liberal party will insist upon the immediate removal of obstructions to trade between Canada and other countries desiring to trade with her.

There seems little doubt that the unpopularity of Mr. Bennett's tariff policy played a large part in the wholesale defeat of Conservative candidates.

As polling day approached, the Liberal strategists, realising that their most dangerous antagonist was the C.C.F., concentrated their fire upon its candidates. They denounced them as socialist revolutionaries who were bent upon nationalising everything and transforming independent yeomen into servile tenants of the State. The Liberal campaign lacked nothing in exaggeration, Mr. Coldwell being depicted as a dangerous minion of Moscow and credited with the real name of "Goldberg," a charge wholly fictitious. The C.C.F. candidates, who had been nominated in practically every constituency, stood by the collectivist programme of the party, tempered with reservations about the private ownership of land. During May, when another severe drought had reduced the farmers in large areas of the province to despair and made them indifferent to Liberal vaticinations about the bolshevist designs of the C.C.F., the latter party seemed to be making rapid headway. But when a generous rainfall in the early

weeks of June improved crop prospects the farmers began to see dangers in the C.C.F. programme.

In consequence, when the ballots were counted, it was found that Saskatchewan had reverted to its old traditions by giving the Liberals an overwhelming majority of 50 out of the 55 seats in the legislature; the remaining five seats fell to the C.C.F., not a single Conservative being elected. The membership of the new legislature is not, however, a fair reflection of the state of popular opinion; for although the Liberals polled nearly 146,000 votes they were actually in a minority, the C.C.F. securing 98,000 and the Conservatives 90,000. The advocates of proportional representation are making the most of this situation.

As a result of these two provincial elections, the Conservative party finds itself in control of only two out of the nine provincial administrations, namely, those of the small maritime provinces of New Brunswick and Prince Edward Island. Now provincial political machines can be very useful allies in federal elections, and the Conservative members at Ottawa fully realise under what a handicap they will be in seven provinces when they have to face the voters. They are also depressed at the voters' slashing treatment of Conservative Administrations and policies during the past year; and they are frankly puzzled why economic recovery, which has been going on steadily for the last nine months and has already brought the index of the physical volume of business back to its highest level since midsummer 1930, has not soothed the present discontents and brought the country to a more tolerant view of the Conservative party and its works.

It is not as though the Bennett Ministry had been unresponsive to the radical temper that has been manifesting itself among the voters. Indeed, the most interesting development of last session at Ottawa was the Government's series of leftward moves, which earned the enthusiastic commendation and the active support of the C.C.F. group. But still the tide of public opinion has con-

tinued to run strongly against the Conservatives, and for this fact two primary causes are assigned by the political experts. First, the high protectionist policy, which the Conservatives put into force after the election of 1930 and have not substantially relaxed, has antagonised a wide variety of interests. It is unpalatable not only to the farmers but also to other primary producers like the lumbermen, fishermen and miners; it is anathema to all the importing interests; it is unpopular in the seaports; and it is disliked by financial interests like mortgage companies, which are embarrassed by the farmers' inability to pay their debts. The cold truth is that under present conditions there is not available in Canada the necessary political support for a policy of rigid economic nationalism. If all the interests that are adversely affected by it combine forces, as they now seem to be doing, it has no chance of survival.

A second obstacle to Conservative hopes is the curious personality of Mr. R. B. Bennett, the Prime Minister. He is wont to declare that he was "mortised and tenoned" in Conservative principles, but time and again during his career as Premier he has shown a contemptuous disregard for them, and by no stretch of the imagination could he be classified as a normal Conservative. His possession of a great fortune, together with the control of a very prosperous industrial establishment, has enabled him to meet the spokesmen of "big business" on their own ground as an equal, and has made him indifferent to the pressure that they have been able to exercise successfully upon most Canadian Ministries. As the Central Bank Bill, the measure for currency inflation and the Natural Products Marketing Act all prove, his Government has been much less tender to "big business" than was the last Liberal Administration at Ottawa. But unfortunately for himself and his party Mr. Bennett persistently reveals his authoritarian temper in action and speech; he both looks and talks like a pillar of the "big business" world, and the plain folk of Canada

have apparently made up their minds that he is no friend of theirs and have turned their thumbs down for him and his party. Nor has Mr. Bennett taken the trouble to acquire a personal following whose loyal devotion would compensate for this marked disability under which he now suffers as a politician. He has been indefatigable in his labours, and has already left his mark as a reformer of outworn institutions on sane progressive lines, but he seems to be lacking in the qualities that gave Macdonald, Laurier, Borden and Mackenzie King, in turn, long tenures of office.

Accordingly, the outlook for the Conservative party in the federal election, which must take place within a year, is decidedly gloomy. It is true that the statutory term of the present Parliament does not expire until July, 1935, but there are obvious difficulties about the Government's clinging to office for another twelve months. Ever since the last two provincial elections the Liberals have been vociferously claiming that Conservative policies have been repudiated by the country, that the Government has no longer a mandate, and that it should test the verdict of the voters without delay. In the closing days of last session Mr. Mackenzie King intimated that as soon as Parliament reassembled he would move a vote of no confidence in the Ministry ; he even went so far as to threaten that, if the Government remained in office in defiance of popular disapproval, he would obstruct the passage of supply. The Liberal case for an early dissolution will be greatly strengthened if a miniature general election now fixed for September 24 to fill vacancies in four federal seats, all in Ontario, yields the same sort of disastrous results for the Government as other recent by-elections.

Some people believe that such an outcome would force the Government to go to the country, but there is the difficulty that it will be virtually impossible to put the new registration and franchise system, which received the approval of Parliament last session, into operation by the end of this year. A more convincing forecast is that

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Parliament will be re-summoned in November instead of January and will sit through the winter. During the last session, according to this prediction, the Government would pass a series of measures of industrial reform, based on the recommendations of the Stevens committee on price spreads and wage conditions, now finishing its work with the status of a Royal Commission, and would try to evolve a programme that would recapture the goodwill of the voters. Then it would dissolve Parliament in April or early in May and seek a new mandate, fortified by hopes that by that time the errors of the new Liberal provincial Administrations would have produced a reaction. This course would avert an unpleasant squabble, which has already begun, about Mr. Bennett's mandate to represent Canada at the important gathering of the statesmen of the Commonwealth in London during the celebrations of the semi-jubilee of King George's accession to the Throne.

Canada.
July 26, 1934.

ECONOMIC PROBLEMS IN AUSTRALIA

I. British Agricultural Policy

THE visit of the High Commissioner in London (Mr. Bruce) brought home to the Australian people some disturbing facts and policies. The British Government were determined to stimulate a revival of agriculture in Great Britain. As a means of doing so, their present policy was to regulate the importation of foodstuffs, and it was anticipated that this regulation would be extended to Dominion products, in the shape of a check on expansion or an actual reduction, as soon as the terms of the Ottawa agreements permitted. It was not the function of a High Commissioner to formulate an Australian policy to meet the situation that threatened; but obviously it called for serious thought by the whole community, and principally of course by the Governments, both Commonwealth and State. A conference of Governments was held at Canberra, followed by a further conference of State Ministers of Agriculture and the Commonwealth Minister of Commerce. Mr. Bruce also addressed representatives of producers and commercial organisations.

As the conferences were secret and the *communiqués* not very communicative, rumour and speculation were encouraged. There were strong reactions against any suggestion of restricting exports, and even a check to expansion was regarded as a disastrous prospect for a country that had planned its development with the aid of heavy expenditure, represented by corresponding overseas

loan liabilities. The situation affected not only the present primary producers but also the hopes of re-employing those now out of work and of finding work for the natural increase of population, not to speak of any prospect of absorbing immigrants; it involved also public finance, both internal and external. It appeared, too, in the course of discussion that the prospective British policy was not merely a bargaining counter, to be met by the provision of a better Australian market for British manufactures; nor could Great Britain, whether as a creditor or as a trading country, throw the whole burden of her policy of restriction upon foreign countries, in the interest of the Dominions. It was not, of course, overlooked that Australia's capacity to meet her overseas obligations depended upon her overseas markets. Current history readily suggested that when these markets were cut off by the creditor country's policy, new considerations entered in; and the producers' representatives pointed out that the British policy was calculated to encourage extremist policy in Australia.

A statement by the Prime Minister on May 8 cleared up some of the more obscure points, and expressed the Government's present attitude. There were as yet no definite proposals by either the British or the Commonwealth Governments, and the initiative lay with the British Government. Regulation of imports by Great Britain might not mean a reduction of supplies from Australia, but it might impose a check on expansion. Still, the situation was so grave as to require the urgent consideration of Commonwealth and State Governments, as well as of producers themselves, in view of the organisation and co-operation that new marketing conditions might make necessary. The policy to be followed was a search for new markets rather than a curtailment of production

> In the past Australia has concentrated on Empire markets, but it must now seek an expansion of foreign trade. . . There is an ever increasing disposition for countries to confine their purchases to countries which buy from them. Australia will do the same.

This was neither petulant nor minatory in the conditions of to-day; for a country is unlikely to find new markets without undertaking to buy in them.

An examination of the principal factors in the situation will show at once the probable effects both on economic conditions and on public opinion in Australia.

The last twenty-five years have witnessed a remarkable expansion of rural development in every Australian State. Every government has been impressed with the desirability of making greater use of the large areas within its boundaries. In every region where there was a chance of developing a more intensive production, schemes for effecting such development have been set on foot. Wide areas of forest have been cleared for dairying or for fruit-growing. Millions of acres previously used for "extensive" grazing have been put under wheat, or mixed wheat and sheep. Costly water supplies have often been necessary to permit these changes in some areas. Railways and roads have been laid down, and the various social organisations necessitated by closer settlement have been brought into being. Other districts have been prepared for irrigation, and large reservoirs with their attendant channel systems are now in operation. The major part of this development has been undertaken on the basal assumption that markets for the increased production would be forthcoming, and Great Britain has been looked upon as the most important of those markets.

The various governments have borrowed freely and have pledged their credit to obtain capital for the development of these undertakings. Since the war, the British Government itself has also taken part in these efforts by endeavouring to stimulate migration by the provision of money for development at low rates of interest. The aggregate sum advanced to settlers to enable them to develop their farms has been of the order of £85 million.

Recent railway construction has not been entirely for development purposes, but the major portion of new mileage

in recent years has had that end in view. Since 1917, when the Trans-Australian railway was opened, about 5,500 miles have been constructed at an average total capital cost of over £10,000 per mile, and many lines built prior to that date would never have been laid down except for the desire to foster agricultural production; £50 million may therefore be taken with safety as a rough estimate of the extra capital borrowed for Australian railways as a result of more or less planned agricultural development.

The irrigation schemes that have been constructed cover roughly a million acres. The total cost of headworks and reticulation, and of preparing the land for production, is certainly of the order of £50 million. The cost of roads, schools, and other equipment of social and administrative service is also large but is more difficult to estimate.

Accordingly, it is reasonable to suppose that, taking these items together, certainly not less than £150 million of State and Commonwealth indebtedness has been incurred in the expectation of expanding markets for primary products. Apart from debts of this class, there is also the money that has been borrowed by farmers themselves from banks and other lending institutions, from private mortgagees, and from wholesale and retail houses of various kinds. The total of this indebtedness is not accurately known, but it is not likely to be less than another £150 million.

The world agricultural crisis has naturally caused very serious financial embarrassment to Australian governments on account of the difficulties that they have encountered in collecting interest on their advances. These difficulties are one of the main reasons for the predicament in which the treasurers of the several States find themselves. The shock that the depression of agriculture has given to the general economic structure of the country is equally important. On top of all this there appears to have been a radical alteration in British agricultural policy, and when once the new machinery for controlling imports is brought into being it is very unlikely to be readily jettisoned.

Experience of the course of tariff development in other countries suggests that restrictions are likely to become intensified rather than lightened when once the principle has been accepted. Hence the Commonwealth Government's intention, as already stated, is to look more and more in other directions for our markets. But the following considerations will show how difficult that may well be for certain of Australia's main export commodities.

It is true that Great Britain apparently does not propose to make any change in her attitude towards many products from Australian rural industry, such as wool, hides and skins. In the case of other products, such as beef, the new policy will have an effect but it will be of comparatively slight importance to the finances of the average farmer and of the States, because export beef is produced on large holdings, which do not involve large numbers of farmers, and have neither been the object of much capital expenditure nor been financed directly by the State.

The forms of rural production that have been especially stimulated by the application of borrowed money during the last two decades are butter, mutton and lamb, wheat, dried and fresh fruits. For the production of most of these commodities climatic conditions endow Australia with certain natural advantages. In these cases Australian costs of production are definitely lower than similar costs would be in importing countries, and compare very favourably with costs in other exporting countries. Of such commodities, which are in fact part of Australia's natural contribution to overseas trade, Great Britain takes about two-thirds of Australia's exports. Each requires brief consideration.

Exports of butter and cheese have doubled since 1927. The causes have been numerous; the dairy cow population increased by 16 per cent. because many wheat farmers and some small wool growers, finding prices too low for profit, began to supplement their earnings by increasing the number of cows they kept, and also because new diary

farms were coming into production or methods were being intensified. In addition, home consumption declined by about 5 per cent. and the average productivity per cow rose by about 12 per cent. This last result was due partly to the greater use of supplementary rations owing to the cheapness of grain, partly to a succession of favourable seasons, and partly to the steady influence of educational propaganda stimulating better methods.

Of this export of dairy products Great Britain took over 90 per cent. It is therefore a fair inference that the application of a system of regulation of Australian butter imports into Great Britain may cause a very serious situation in the Australian dairying industry. It is useless to talk of finding other markets as if they grew on hedges or in the ground. Other countries that import dairy produce in any quantity are few in number and already fully supplied. The effect of restriction by Great Britain must be a super-saturation of the home market, which, in the absence of new outlets, would lead either to controlled production, with all its attendant difficulties, or to mass bankruptcy of the producers.

The effect of British policy upon British home production is, of course, a matter for British decision. It seems at least possible, however, that the recent gains of Australian butter have been made at the expense not of the British dairy farmer but of the trade in substitutes for butter. If this is so, restriction of imports from Australia would not necessarily bring any correlative advantage to British agriculture.

The present low prices for butter will naturally cause a diminution of the Australian supply, unless the farmer can obtain further support for home prices. The price of butter-fat on the farm is about 8d. per lb. (Australian currency); at this figure supplementary feeding is scarcely economical, and lack of it will diminish the "off season" supply. In addition, many of the "casual" dairymen will probably drop out; and last, but by no means least, past experience

suggests that seasons less favourable to pasture growth will recur in the near future. All these factors will tend towards readjustment of the system along what used to be regarded as "natural" lines.

The wheat position is somewhat different. Great Britain has taken about one-half to one-third of Australia's exports during recent years, but these seasons have been somewhat abnormal. The Australian pound was further below parity with the United States dollar than it is to-day; consequently Australian wheat found a readier market in the East than could the similar grain grown on the Pacific slopes of North America. Now that American currency has depreciated and a special trade agreement has been made between the United States and China, Australia is no longer able to sell such large quantities in the latter country. It follows that the Australian exporters have again to look for their main markets in European countries, most of which are still in the grip of the policy of self-sufficiency in breadstuffs. Great Britain remains Australia's only large market. The British policy of a guaranteed price for a limited home crop has naturally stimulated further British production to the disadvantage of all who expect to sell wheat in Great Britain.

Another important factor is the special qualities of Australian wheat. The flours produced from most European wheats are lacking in colour and also in the capacity to produce a large loaf. The latter is a rather more essential quality than the former. Australian wheats produce flour of a good white colour, but are not "strong" in the baking sense. Now as a European miller must give first consideration to producing a flour that gives a large loaf, it follows that when he has to buy wheat he naturally turns to the "strong" Canadian wheats first. In these days of limitation of imports, therefore, the Australian product will be at a disadvantage in the selling scramble. The present season, in which the price of Australian wheat in London has been about 15 per cent.

lower than Canadian, despite the fact that only two-thirds of Australia's quota has been sold, is indicative of the position.

Australian exports of mutton and lamb have increased markedly in recent years with the progress of closer settlement. The United Kingdom takes over 90 per cent. of these exports. If Great Britain intends to press for further restriction of imports, with the idea of fostering the consumption of the home-produced article, there must inevitably be an over-supply on the Australian market, with consequential rapid decline in price. Again it is useless to suggest finding new markets as if they could be produced by a conjurer's wand. The world is not in the habit of eating mutton. Great Britain is the only market of considerable size, and the creation of new markets would at best be a long business.

The final result might be a swing towards wool-producing sheep, but it is not always easy to grow high-grade wool in districts suitable for raising lamb and mutton. Further, there remains the very definite question whether the British farmer can produce mutton and lamb at prices within the purchasing range of the masses of the people; if he cannot, then curtailment of imports may lead to the consumption of less meat rather than of more English meat.

The fresh fruit position is somewhat different. Apples are the chief concern of Australia. Here it must be agreed that there is some evidence that exports require reorganisation. Present prices do little more than pay for packing and freight, and with present systems of distribution it seems difficult to sell Australian apples at a lower retail price than 6d. per lb. in England. At this figure it may well be found that the British market is virtually saturated during parts of the import season. Australian growers are endeavouring to limit exports in certain ways. If the present reports of a large increase in the acreage planted in Great Britain are correct, and if the quantity of fruit cool-stored increases, then the position of the export trade

from the Commonwealth will be at a further disadvantage, particularly in those seasons when growing conditions have endowed the home-grown fruit with satisfactory keeping quality.

An examination of the position from the point of view of the individual producer in Australia shows that farmers differ widely, both in the scale of their indebtedness and in the character of their operations. Some have inherited holdings more or less free from debt, some have gone into debt in order to enlarge their properties or to start their sons on the land, and many have been busy developing their holdings from the " bush " in the last decade ; those of this last group have usually been doing so with loans from government institutions. In general the most recent attempts at settlement have been in districts where the soils are less fertile or the climate less reliable than in the districts of older development. Such districts could never have been developed at all without the aid of modern machinery, which enables large areas of low-yielding land to be used. The effect of a restriction of output on such a system of agriculture is by no means straightforward. If the farmer cannot plant a fairly large area the use of his machinery becomes uneconomical. The possibilities of producing other crops are so limited that they may be regarded as negligible. The land thrown out of cultivation can usually be used only for grazing. This change to grazing is actually happening in some places as a result of the depression. In other instances, where the holdings are too small and the carrying capacity is too low, the farmers are carrying on, living on a pittance or using up their slender resources. Some adjustments, by amalgamation of farms or by reduction of interest charges, are inevitable.

In such circumstances, migration schemes fade away as a practicable policy until both the existing population and migrants alike, in taking up life upon the land, are ready to accept it as a way of living rather than as a road to fortune.

These are among the consequences that a sudden change in its economic conditions brings upon a new country planned for development and caught midway in its expansion. Self-sufficiency has not yet gone so far as to confine these consequences to the country itself.

II. The Commonwealth Basic Wage

WAGE adjustments have been an important feature of depression policy in Australia. In January 1931, the Commonwealth Arbitration Court made its important declaration in favour of a 10 per cent. reduction in the real basic wage, and varied nearly all awards in conformity with that declaration.* As the quarterly cost-of-living adjustment was in operation, the total fall in the nominal basic wage from the 1926 level was 30 per cent. at its maximum in the first quarter of 1933. This policy of applying a 10 per cent. reduction in real wages was continued until May 1933, when the Court, in reviewing its original declaration, decided to change the index number on which the cost-of-living adjustment was made. The index number used at that time measured changes in the prices of food, groceries and house rent. This omitted clothing and miscellaneous expenditure amounting to about 40 per cent. of the typical family budget. The Court selected an "all-items" index number including this expenditure. The prices of foodstuffs, exposed as they were to the full operation of the fall in Australian export prices, had declined more rapidly than prices of clothing and other protected and sheltered goods that are included in the "all-items" index. Hence wages, adjusted according to changes in the more restricted index number, fell after 1929 more than they would have fallen had they been adjusted by the "all-items" index number. The Court, in May 1933, adopted the latter index number, and grafted it on to the

* See The Round Table, No. 83, June 1931, p. 659.

old food-and-rent index from the end of 1929. It did not restore the 10 per cent. cut in real wages, because it held that economic conditions were not favourable to such restoration. Nevertheless its decision at that time had the effect of raising the real basic wage by about 6 per cent.

Wage-fixing tribunals in Australia are much too frequently criticised for neglecting the productivity of industry in making their awards.* During the depression the Commonwealth Court has paid special attention to this problem; in fact its decisions in the past four years have been determined mainly by its own estimate of the capacity of industry to pay. In the case of some sheltered industries, its estimates have been based too narrowly on the capacity of the industry immediately concerned, regardless of the effect of higher prices on unsheltered industries. In general, however, it has taken a wider view. No precise measure of capacity to pay is available to the Court. It has to hear evidence on the economic condition of the country—export prices, and the prosperity of export industries, unemployment, profits of industry, estimates of the national income, the condition of public finance, the general economic policy of Commonwealth and State Governments. Armed with the information on these and related problems presented to it in evidence, the Court must arrive at a rough general estimate of the economic position and of the capacity of industry to pay a given wage rate. The Court has repeatedly indicated its desire to maintain as high a wage as circumstances permit. On the last occasion on which it reviewed the basic wage (April 1934) the Court expressed the view that some improvement

* We deal here only with the Commonwealth Court awards. During the depression State Courts in New South Wales and South Australia have made wage adjustments roughly comparable with those made in Commonwealth awards. In Queensland and Western Australia the Courts have consistently refused to follow the lead of the Commonwealth in reducing real wages. The basic wage fixed by these Courts is only 13 per cent. below the 1928 level. Consequently the real basic wage has risen. Wages Boards operate in Victoria and Tasmania and they tend to follow the Commonwealth Court.

was evident in industry. In a majority decision Chief Judge Dethridge and Judge Drake-Brockman concluded:

> The position may be summed up by saying that there is now an increase of confidence among the community resulting in freer expenditure and some increase of investment in industry, but that former prosperity is far from being restored.

Their judgment provided for a higher real basic wage than the depression wage fixed in January 1931, but they arrived at this position by a rather devious route. This was unfortunate because it left the impression that no concession was granted to wage-earners. Going back to the harvester wage of 1907,* and using the original index number of food, groceries and house rent (all houses), these judges found that the average basic wage for the six capital cities would have been 65s. They adopted this as a new starting point, abandoning both the Powers 3s. (see footnote), which had been added since 1922, and the 10 per cent. cut, which had been imposed in 1931 and continued nominally in the award of 1933 (though actually the use of the "all-items" index number restored 6 per cent. of the 10 per cent. cut). Thus, if the real or effective basic wage be taken as 100 in 1929, the 1931 decision reduced it to 90. By the 1933 award it was raised again to 96. The award of 1934 took this standard for Australia as a whole.

For different States there were, however, considerable changes. The Court adopted an "all-items" index for varying the award between States and for future cost-of-living adjustments. For technical reasons concerning the computation of the index numbers, this change had the effect of lowering wages in some States and raising them

* This was a rough empirical estimate by Mr. Justice Higgins of the wage that reputable employers should be paying. He fixed this wage at 42s per week. It was subsequently accepted as the Commonwealth basic wage and adjusted quarterly according to changes in the cost of living. The Powers 3s. (so styled after the name of the judge who conceded it) was added in 1922 to compensate wage-earners for the lag in adjustment at a time of rising prices, and continued when prices fell, first to make up for past losses, thereafter from sheer inertia.

in others. Though the variation was undoubtedly fairer than the old one, it naturally caused a good deal of resentment in States that experienced lower rates under the new procedure.

In a separate judgment Judge Beeby took a slightly more hopeful view of the economic position, which he held to be much better than in May 1933, when the Court last reviewed the basic wage. He stated, however, that

> recovery was not sufficient or permanent enough to justify belief that the Commonwealth can get back to pre-depression standards.

Agreeing with his colleagues that the spending power transferred from wage-earners by the original 1931 wage cut was not all spent by employers, he quoted figures to show that the proportion of national income going to wage-earners had fallen during the depression. He doubted whether this change could contribute towards Australian recovery. While stressing the importance of productivity as a basis for wage determination, he thought that more consideration should be given to the effects of depression policy on the distribution of national income.

> The Court should, to the fullest extent permitted by changed economic circumstances, restore the reductions in real wages.

He proposed an average basic wage rate of 66s. for the six capital cities and agreed with his colleagues that the "all-items" index number should be used for future adjustments.

All judges decided in favour of adjustments in amounts of not less than 2s. per week. Unless the index number changed sufficiently to cause a variation either way of 2s. no change in the basic rate was to be made. Two days after the Court's decision, the cost-of-living figures for the first quarter of 1934 were published. They showed that on the old methods a rise of 1s. would have been made. The majority judges announced in these circumstances that they would raise their basic figure from 65s. to 66s. Thus by a

different route they reached the same conclusion as Judge Beeby.

There is one other important, though technical, feature of the judgment. The Commonwealth Arbitration Act gives to awards of the Court the force of law, and the High Court has held: (1) *that by virtue of the paramountcy* of Commonwealth law an award will override any State statute with which it conflicts; (2) that an award may bind a State with respect to its industrial employees, as for instance in the transport services. This has been a cause of much dissatisfaction to State governments, which have put forward their consequent lack of financial control over State undertakings as a serious factor in the adverse financial position of the States. Recently, indeed, several States challenged, though without success, the jurisdiction of the Arbitration Court. The latest decision of the Arbitration Court, however, now gives to State governments, within certain limits, the freedom they have claimed. The award itself provides that the wage provision shall not operate where, in the case of employees on State transport services, the State Parliament has made the same wage deductions as it has imposed on other employees of the same grade not covered by Commonwealth awards. This is an important abdication of authority on the part of the Arbitration Court, under pressure of the argument that "those engaged in State transport services have no moral claim to escape a reduction or deduction equal in degree to that imposed generally upon other employees of the State in similar grades."

III. Secession in Western Australia

SINCE the electors of Western Australia voted on April 8, 1933, by a majority of nearly two to one, in favour of withdrawal from the Australian Commonwealth,*

* See The Round Table, No. 91, June 1933, pp. 681–683, and No. 92, September 1933, pp. 905–907.

further steps towards secession have been taken. In March the Government of Western Australia published *The Case of the People of Western Australia* "in support of their desire to withdraw from the Commonwealth of Australia established under the Commonwealth of Australia Constitution Act (Imperial), and that Western Australia be restored to its former status as a separate self-governing colony in the British Empire" (Government Printer, Perth); and the Western Australian Parliament has since adopted an Address to the King, and applications to the House of Lords and House of Commons. These documents ask that the Imperial Parliament should pass an Act to effectuate the withdrawal of Western Australia from the federation, and its restoration to its former position as a separate self-governing colony (but now with the status of a self-governing Dominion), and that this Act take effect without any legislative step by the Commonwealth of Australia.

Western Australia, a little later than the other States in approving of federation, became by proclamation under the Commonwealth of Australia Constitution Act a party to the union "in one indissoluble federal commonwealth"—a phrase nowhere quoted in the address or the applications or the supporting *Case*—to which the other five States had already agreed. It may seem strange that this case for secession from a union entered into by agreement of all the partners and solemnly declared to be indissoluble should be addressed not to Western Australia's co-partners, the people of the other States, but to the British Government and in a vague way to the people of the United Kingdom. But Western Australians feel that it is useless to appeal to the people of the eastern States, whom they regard as profiting by their grievances and who do not treat secession as a serious political movement. Moreover, secession would in any case demand an Act of the Imperial Parliament, if only to settle legal doubts whether the power of altering the constitution can apply to changes

in membership of the union. But these considerations do not seem to justify an appeal by one State to the British Government and Parliament without any consultation with the other States. They certainly would not justify the British Parliament in taking any action without regard to the views held in other parts of Australia, and it can scarcely be believed that people in Western Australia seriously expect that to-day *ex parte* applications to London will produce any effect.

Of feeling for national unity, or appreciation of what federation has done for national thought, the *Case* gives small evidence. If it is to be taken as representative, this is one of its gravest features. Not only do the writers stress the sentimental ties with Great Britain, but they go out of their way to point out the qualities that in their view distinguish Western Australians from Australians of the eastern States. Everywhere in Australia there is less enthusiasm for federation than there was a generation ago; but nowhere else, it may be asserted, would its benefits in the spheres of thought and ideas and in the power of joint action for common interests be rated so low.

Why is this? In part, it is due to the distance of Western Australia—2,000 miles from the main centres of eastern Australia, with an uninhabited area between; in part to economic difficulties caused by federation, of which the principal are the hindrance to local secondary industries caused by free trade with the eastern States, and the hindrance to primary industries caused by the tariff; and in part to unwise and unfair legislative and administrative measures of the Commonwealth Parliament and Government.

In the early 'nineties "eastern Australia" was going through an experience of adversity the memory of which still remains with middle-aged and elderly people and which doubtless helped the eastern States in facing the crisis of the last few years. From such a chastening experience Western Australia escaped. When times were at their

worst in the eastern colonies, a vista of boundless prosperity from the goldfields of Coolgardie and Kalgoorlie opened up before Western Australians. Thus they became accustomed to a standard of prosperity far higher than has been usual in other parts of Australia. This lasted until the war; then, when the yield of gold declined, the settling of vast areas by wheat farmers promised an indefinite continuance of prosperity on a more certain basis. The State Government undertook many schemes of development, not all of them wisely conceived. When the price of wheat fell, and it was apparent that the schemes of settlement would involve vast losses for the Government, Western Australia found herself facing an adversity which her recent experiences had ill qualified her to meet. Probably the degree of adversity is no greater than in the eastern States, but Western Australians do not realise this, and so they have looked about for an explanation outside their own mistakes and outside the crisis that has overtaken the whole world.

The explanation they have found is in their membership of the federation and in its adverse effects on their industries.

The Commonwealth tariff is held up as the principal culprit. Four-fifths (compared with two-thirds for Australia as a whole) of the total production of the State is primary; most of this is wheat, and 90 per cent. of the wheat is exported. A tariff that has benefited the manufacturers of the eastern States and has added to the costs of all production in every State is a particularly heavy burden to a State of predominantly primary production. But the case against the tariff and other federal legislation seems to be much overstated; as, for instance, in a passage in the *Case*, in which it is asserted that the "calamitous condition" of the primary industries is definitely due to federation and federal policy and "cannot be attributed to any material extent to the world trade depression" (and this in face of figures which the *Case* itself gives of a

fall in the export value of wheat from an average of 5s. 7¼d. in the period 1917–18 to 1929–30 to an average of 2s. 9¼d. for the last four seasons). A judgment on the validity of Western Australia's economic case against the Commonwealth may, however, await consideration of the findings of the Commonwealth Grants Commission, whose report has been published too late for notice in this number of THE ROUND TABLE.

The writers of the *Case* complain bitterly of encroachment on the spheres and resources of the States by federal legislation and by the decisions of the High Court. They complain also of the "cavalier attitude" of the Commonwealth to the States in matters of administration. The other States, especially the smaller ones, share these disabilities and grievances. Whatever the outcome of this campaign for secession, there will be many in other parts of Australia who will hope that at least it will bring about a contraction of the powers of the Commonwealth and a restraint in using its powers and applying its laws.

Australia.
June, 1934.

SOUTH AFRICA: POLITICAL MELTING POT

SOUTH African politics are to-day in solution. The two great parties are passing through a process of "fusion," and, as is inevitable when two bodies, neither of them entirely homogeneous in composition, go into the melting pot, there is set up a process of disintegration beside the process of coalescence, new elements are thrown off, and, in the absence of a known chemical formula, the ultimate result is not easily predictable. By the end of this year South Africa will doubtless have a strong central party led by Generals Hertzog and Smuts, but the number, the nature and the strength of the opposing parties and groups that will by then have taken shape cannot as yet be foretold, save with the protection of a peradventure.

But first, at once for completeness of record and for the better appreciation of subsequent events, it is necessary to conclude the account of the Union's 1934 parliamentary session, which was commenced in last quarter's ROUND TABLE. As a whole the record of the session can be viewed by the Government with considerable satisfaction, and to that extent its hands have been strengthened in launching the move towards fusion. Coalition, it feels itself able to say after its first real parliamentary test, has been justified by results. But coalition is in the nature of things merely a temporary expedient. It is a junction, not a terminus. The choice at once arises between going on and going back. And where co-operation has yielded good fruit, it is surely better to go on to consolidate that co-operation than to go back to the futility and stagnation into which South African politics, on the basis of the old outworn party divisions, had fallen.

The session was satisfactory to the Government in respect both of what was achieved and of the manner of the achievement. The Cabinet itself appeared to have forgotten entirely the heterogeneity of its origin, and its team-work was both cordial and effective. Similar cordiality characterized the relations of members generally. Even in the discussion of matters, such as those dealt with in the Status Bills, which raised issues going to the root of the sentimental divisions of the past, the prevailing note was one of goodwill. It was significant that speeches coming from quarters, and couched in language, that in the past would have been dangerously provocative, gave rise to nothing more than ridicule, or were allowed to pass with the reflection that it was just "pretty Fanny's way." Moreover, the Government, with great advantage, made extended use of Select Committee procedure. Several Bills of major importance were referred to Select Committees prior to second reading, with the result that members were encouraged to feel that they had been given an effective part in the framing of legislation. In other ways, too, the relative freedom from party strife fostered the conception of Parliament as the supreme council of the nation.

It is also worthy of remark that, as the session advanced, General Smuts, to an ever increasing extent, won tacit recognition as the leader of the House. The Prime Minister was glad to leave the parliamentary field to a very large extent to his former rival, now his effectively co-operating colleague; the House generally accepted with readiness the leadership of one whose domestic prestige has undoubtedly never stood as high as it does to-day. One of the most interesting of the political trends of the last year has been the changed attitude towards General Smuts of his former Nationalist opponents—a change prompted by the appreciation of his willingness to take the second place in a Coalition Cabinet when he had an election victory and the Premiership within his grasp, and stimulated by the

manner in which, it is admitted, he has subsequently "played the game."

That being the atmosphere of Parliament, the Government's legislative achievement was impressive. The constitutional legislation referred to in the last issue of THE ROUND TABLE* attracted most attention; it did not, however, prevent the admission to the statute-book of a very considerable economic and social programme, much of which could have been successfully undertaken only by a Coalition Government. The session was of outstanding importance at once in the number of Bills passed and in the range, taken together with the importance, of the subjects dealt with. An important and very timely Mineral Law Amendment Act should be of great value in stimulating the opening up of new avenues for mining development, while a Miners' Phthisis Amendment Act, bearing as it does on the dread disease which is the most painful part of the price paid by South Africa in the exploitation of its wealth of gold, indicated that the interests of the mine-workers had not been overlooked. At the same time, there was secured to the workers generally the advantage of one hundred per cent. increases in the rates of compensation for injury, though the pressure from the trade unions for the creation of a State compensation fund was resisted; and a new attack on the housing problem, which is far more serious than it should be in the towns of South Africa, in view of their youth, was launched by the passing of a Slums Bill. Constructive work of importance was also done for the rehabilitation and the confirmation of the Union's agricultural industry, which, as time goes on, must take over to an increasing extent the burden borne by the gold mines to-day in supporting its economic structure. Important changes of policy were initiated, and given legislative effect, in land settlement and irrigation; two considerable irrigation schemes were launched, one of them the boldest that South Africa has yet undertaken; and a Livestock and Meat

* THE ROUND TABLE, No. 95, June 1934, pp. 662 *et seq.*

Industries Bill was enacted which should be of considerable importance in the building up of a meat industry, so essential for the country's future.

The end of the session was almost immediately followed by the publication of a programme of principles, which had been agreed upon between General Hertzog and General Smuts as a basis upon which their parties might be expected to agree to unite. That programme is now before the country. It has been endorsed in principle by the central authorities of the two parties; during the next six weeks it will be referred for approval to the provincial and Union congresses; the next step will be the dissolution of the two parties, and the rise of a new party out of their ashes.

The document on which the two leaders have agreed is, perhaps, typical of its kind. It is for the most part dull, sententious, and platitudinous, and most of its clauses have attracted neither comment nor criticism. But perhaps all that is an indication of the narrowness of the limits to which the political differences of the two great parties have in recent years really shrunk. As a matter of fact, the controversies that have been elicited by a document purporting to compose those differences are almost entirely confined to two paragraphs in the section dealing with the constitutional position. These are, perhaps, of sufficient importance to necessitate quotation in full:

> *Section* 2(*c*).—The maintenance is affirmed of the existing relationship between the Union and the British Commonwealth of Nations and co-operation with its members, subject, however, to there being no derogation from the status of the Union, and no assumption of external obligations in conflict with its interests.
>
> *Section* 2(*d*).—While the party stands for the maintenance of the present constitutional position, no one will be denied the right to express his individual opinion about or advocate his honest convictions in connection with any change in our form of government.

The paragraphs quoted bear very clearly upon themselves the marks of compromise, of give and take. In the first of them, the South African party has done the taking.

Even allowing for the proviso, the affirmation of the British connection and of Commonwealth co-operation is clear and satisfying. It is an interesting fact that it is at once more definite and more comprehensive than any similar affirmation ever made in a programme of principles issued by the South African party. There has always been a certain hesitancy in this connection in that party's written professions of faith, inspired doubtless by the desire to meet the Nationalist criticism that it was disposed to set Empire before country. It is interesting that those same Nationalists who launched that criticism in the past should be disposed to-day to enter a party that is to make an affirmation in the terms quoted.

To some extent, of course, that is accounted for by the concession to Nationalist sentiment that Section 2(d) represents. That section has come to be known as the "republican propaganda clause." True, it gives equal freedom for the advocacy of individual opinions in respect of any form of constitutional change, whether it be towards fascism or communism, towards closer imperial union or republicanism—in form indeed it may be described as no more than an affirmation of one of the essential liberties of the individual citizen—yet everyone knows that its purpose is to build a bridge into the new party for those good republicans of the past, who, for all their contentment with the present position of South Africa in relation to the British Commonwealth, are unwilling publicly to abjure the cause for which they once fought.

It is significant that, in addition to the affirmation of the British connection in Section 2(c), it has been thought fitting to preface the concession of the right to freedom of individual opinion expressed in Section 2(d) by a governing clause emphasizing that the party as a party stands for the maintenance of the present constitutional position. This perhaps implies a confusion of thought, in that it is difficult in theory, and may be more difficult still in practice, to draw a line between the individual *qua* party-member

and the individual *qua* citizen advocating a constitutional change that the party is pledged to oppose. Yet in these matters it is the spirit that matters—the letter killeth, the spirit giveth life—and the essential thing is that for the majority of Nationalists to-day, and indeed for the great majority of those of them who are also ex-republicans, republicanism is a dead issue, commanding no more than a sentimental allegiance; and that being so, willingness to respect that sentiment is probably the best means of avoiding the revival of the issue. It is perhaps not an incorrect method of describing Section 2(d) to say that it puts republicanism into its proper place in South African politics, by regarding it as an academic question on which it is possible for men to agree cheerfully to differ without any impairment of essential co-operation.

This indeed would appear to be the prevailing view taken in the Union about this "republican propaganda clause." The great mass of the South African party, English-speaking and Afrikaans-speaking, refuses to be alarmed by it, and its Head Committee endorsed the programme of principles with but one dissentient vote. The majority of the Nationalists, for all their republican and secessionist aspirations of the past, are willing to accept Sections 2(c) and 2(d) taken together as a fair compromise. A considerable section of that party, however, led by Dr. Malan, is standing out against the fusion basis, one of the main reasons given being just this, that Section 2(d) reduces republicanism to the status of an academic question, beyond the range of practical politics. At the meeting of the Federal Council of the Nationalist party this section constituted a substantial minority representing just over one-third of the votes. There is doubtless some significance in the fact that the Nationalist minority comes mainly from the Cape, where republicanism never has been at home. While those who fought to the last ditch for the republics in the Anglo-Boer War are to-day for the most part prepared to follow General Hertzog, the present

champions of republicanism are to be found mainly among those who stood outside that conflict, or have grown up since it terminated, and to whom it would appear to appeal primarily as a party political cry, useful for the furtherance of other issues and the prosecution of other aims.

It seems clear, then, that Dr. Malan and his followers are to stand outside the new party and go into opposition, so that, despite the temporary reconciliation between the Prime Minister and Dr. Malan referred to last quarter,* the position in the main is as it was described in the March issue of THE ROUND TABLE.† In one respect, however, there has been an important change. At the beginning of the year it seemed possible that General Smuts would carry virtually his whole party with him into fusion. Since then, however, there has taken place the Hertzog-Malan reconciliation, which stimulated among many South African party members and supporters a certain suspicion of the Prime Minister's *bona fides*, and in the atmosphere thus created there were launched the Status Bills with their attack, real or imagined, on distinctively British sentiments. In the light of these events the fact that General Smuts secured the almost unanimous support of his Head Committee for fusion was a remarkable tribute to his leadership; it seems certain that his leadership will also receive overwhelming endorsement at his party congresses.

Even so, a considerable amount of disaffection remains among the rank and file of his supporters, more especially in those parts of the country, notably Natal and the border districts of the Cape Province, which are served by newspapers that have set themselves to stimulate it. It is in those areas too that there chiefly flourishes an organisation called the "New Guard," for the protection of "British interests," which differs from movements of the shirt variety only in the fact that it has not yet actually selected

* THE ROUND TABLE, No. 95, June 1934, pp. 663–4.
† THE ROUND TABLE, No. 94, March 1934, pp. 426 *et seq.*

a particular colour of shirt for itself. It would undoubtedly be possible to secure, as one of the by-products of fusion, the establishment of a British party which would draw its inspiration from the opposition to the Status Bills and the "republican propaganda clause." The only possible leader of such a party would be Colonel Stallard, who led the attack in Parliament on the Status Bills. Colonel Stallard is, however, at heart too good a Britisher really to be a racialist; he could not be happy in leading a purely racial party such as this would be. Moreover, he has the defects of his qualities, and is not of the type that can keep a following united for any length of time. It is by no means clear that he is willing to launch such a movement. If he does, he will attract only a section of the old Unionist party, and it is difficult to foresee such a movement assuming more than passing importance in South African politics.

There are then in prospect, as by-products of fusion, probably two parties who will oppose the new "fused" party from opposite angles, and will thus to a large extent neutralise each other. There are, however, other elements, mainly in the existing Nationalist party, that are likely also to be dislodged. It is inevitable that, with a strong Government in power, disaffection should spread among those elements in the economically discontented sections of the community, the importance of whose votes, at a time when parties were equally divided, enabled them to extort concessions that are no longer so easily obtainable.

There is first of all the Afrikaans-speaking working man, whose race-consciousness has hitherto prevailed over his class-consciousness, and who has voted Nationalist in preference to allying himself with a Labour party which, in origin and in conception, was British. He will almost certainly drift away from the new united party. It is, however, by no means clear where he will drift. Labour has been trying, recently with some measure of encouragement, to give itself an Afrikaans orientation. Dr. Malan is quite clearly out to woo this element.

Then too there is the, as always, politically incalculable Mr. Tielman Roos, who recently, in a fit of pique against Generals Hertzog and Smuts, went back on his promise to support the united party, and anticipated the publication of its programme of principles by launching a new party of his own, known as the Central party. Mr. Roos's opportunism makes him always a factor to be reckoned with. So far, however, his venture has not been an outstanding success. What success he has achieved has been mainly among another disaffected element in the community, the maize-farmers, whom the Government had offended by refusing to agree to institute a system of compulsory co-operation for the forcing up of maize prices—at the expense, of course, of the consumer. It would seem, however, that this is a passing phase, and that Mr. Roos will be driven to find another foundation, if he is to establish for himself a position of importance on the political stage. That foundation he may well find in the "have-nots" of the rural areas, the landless and tenant classes, who make up what are generally termed the "poor whites."

So then it would seem that South Africa is threatened with a spate of small parties alongside its big new united party, no one of them strong enough to hold out the hope of becoming an alternative Government for some time to come. No doubt there will be many moves on the political chessboard. It is probable that Mr. Roos will come to a working agreement with Labour, possible that he will be driven to co-operate with his old antagonist in the Nationalist party, Dr. Malan. One fact, however, would appear to be as certain as political prophecy can be—that South Africa may look forward to having a strong Government for several years, or at least for as long as Generals Hertzog and Smuts, both or either, remain on the political stage.

South Africa,
July, 1934.

NEW ZEALAND: THE DAIRY FARMER AND THE QUOTA

I. THE GOVERNMENT AND THE DAIRY BOARD

AFTER months of desultory argument between the Government and the leaders of the dairy industry, the former has decided to assume sole responsibility for the negotiations with the British Government on the vexed question of the exports of dairy produce to Great Britain.

The Dairy Export Control Board was set up by Parliament in 1923—as an outcome of the short depression of the early 'twenties—to have full control of the marketing and export of dairy produce. On the whole, it has functioned satisfactorily; that is to say, while times were good and the British market was able to absorb all of our exportable surplus. Its only noteworthy reversal of policy occurred in 1926–7, when for a few months it attempted to fix the selling price of butter on the English market, and then reverted to partial control. On the other hand, it has achieved distinctly favourable results in the elimination of waste and overlapping in marketing. The Board consists of twelve members, of whom two only are appointed to represent the Government. It cannot, therefore, be said that the State has any undue influence in its deliberations and policy.

When it was suggested by the New Zealand delegates at the Ottawa Conference that imports of foreign produce into Great Britain should be restricted, the New Zealand Dairy Control Board was not prepared for the corollary,

the quota on imports from New Zealand, and when that was mooted some months later the Board was not at all inclined to acquiesce. The Board had been strongly represented by Mr. W. Goodfellow in the entourage of the New Zealand delegation at Ottawa. Quotas on dairy produce were not referred to in the agreements, and none of the delegation seems to have been prepared for the raising of this question as Great Britain's new agricultural policy developed.

Faced with a steady expansion of the output in New Zealand, and having discovered no new market in which to dispose of the surplus, the Board has been unable to make any suggestion to its constituents regarding the course they should take to market this butter. In the midst of a depression affecting the whole world, it can hardly be criticised for its failure to find new markets; and the flooding of the existing market in Great Britain by stocks suddenly shut out of European countries, and by additional supplies forwarded under subsidies, both from European butter producing countries and from Australia, was a development it could hardly have foreseen and provided against. The official estimate of our total butter production for the current season is 168,500 tons, an increase of 9·5 per cent. over the season 1932–3, and 22·6 per cent. over 1931–2. The home consumption is less than one-fifth of the output.

The average price received for butter-fat by the New Zealand factories last season was 8·93d. per pound, as compared with 11·03d. per pound in the preceding season. For the current season, it is estimated at probably 8·00d. The difficulty facing many New Zealand farmers, in view of the great drop in the prices of their produce, lies in the fact that they bought their land when the average price per pound was more like the 28·10d. that ruled in the season of 1920–1, or the 18·48d. that ruled in 1928–9. Later on, the low prices that have been ruling may be expected to restrict production, but of that there is no sign yet.

When Great Britain began to talk of quota regulation, the producers here turned naturally to see if there was any way of bargaining for free admission—anything that New Zealand could offer in return for a continued open market in Great Britain. Organisations were promoted to foster the idea that a general reduction of New Zealand tariffs in favour of Great Britain might lead the British Government to waive altogether the proposed quota restrictions on New Zealand produce. Much propaganda was put before the country, and the Tariff Commission, which was considering a revision of customs duties, was bombarded with carefully studied representations in favour of an all-round reduction of duties on British imports. The possibility of bargaining for an open market was so strongly canvassed that in October the New Zealand Government cabled the following enquiry to the Secretary of State for the Dominions:

> There is a widespread belief on the part of producers in New Zealand that if we undertook a drastic reduction or removal of New Zealand's protective tariff on United Kingdom goods, His Majesty's Government in the United Kingdom would guarantee continuance of unrestricted entry of New Zealand primary products. His Majesty's Government in New Zealand would be grateful if His Majesty's Government in the United Kingdom would indicate their attitude towards this suggestion.

Mr. Thomas's reply was to the effect that the suggestion would involve a modification of British policy, and could hardly be considered with reference to New Zealand alone; "nor, we think, could an examination of such a question take place on the basis of a suggestion put forward by particular trade interests."

It became clear early in March that the Government must sooner or later take a hand in the discussion. The Minister of Finance (Rt. Hon. J. G. Coates), in a pamphlet published in 1933, had suggested to the dairy industry that it should resign itself to the quota idea, and lay its plans for the future accordingly. The advice was not

at all palatable. Weeks passed with the Board still at sixes and sevens, the plight of heavily mortgaged dairy farmers not a whit more hopeful, and the Government sensing more and more clearly its responsibility for taking a hand in the negotiations. On March 13 the Government summoned representatives of the Dairy Board and of other interests concerned to a private conference, and asked them for concrete suggestions. The conference proposed that a subsidy should be given on butter-fat, and that a Royal Commission should be set up to inquire into the whole position.* The Government demurred to the subsidy proposal on the grounds that there was no money available for the purpose, that the industry was already over-producing, and that a subsidy on butter-fat would be resented in Great Britain. Thereupon Mr. Goodfellow, the *deus ex machina* of the dairy industry, came out as a critic of the Government's policy or lack of policy. Without excusing the Dairy Control Board, he accused the Government of "having shown an almost callous disregard for our only worth-while customer." At the same time he put forward, on his own initiative, a series of proposals for the future, including reduction of tariffs in favour of British goods; reduction of the high exchange rate (with a countervailing subsidy to soften the fall for the primary producers); the reorganisation of the Dairy Control Board; the "patting" of butter for the British market; and the opening up of new markets in the Far East.

Early in April another conference was held in Wellington between the Dairy Control Board and the leading members of the Government. What occurred at it was not disclosed at the time, and was a matter of surmise for a week or two. According to the *New Zealand Herald* (April 18) the Prime Minister (Rt. Hon. G. W. Forbes) and the Minister of Finance pressed hard for the acceptance of the quota by the New Zealand dairy industry. The Board had previously been solidly against the quota, preferring to fight

* See The Round Table, No. 95, June, 1934, p. 679.

out the issue on a free market on the basis of quality and price. Accordingly it stubbornly resisted, but eventually by a majority of one vote it resolved that:

If the Government can see no other way of raising prices the Board reluctantly agrees to a quantitative restriction.

One of the most stalwart opponents of the quota on the Board (Mr. Dynes Fulton) was at the moment in London. But for his absence, the favourable vote would probably never have been reached. Though the Board was still evenly divided on the question it seems to have been taken for granted that the decision thus recorded gave the Government a mandate to proceed, and that the next step would be the setting up of a small supreme council to take control of the negotiations.

Meanwhile the publication of the cablegrams between the Government and the Dominions Office gave rise to a controversy about the supposed " offer " of tariff reduction by New Zealand. The party use that had been made of this supposed offer in the British press was to some extent echoed in New Zealand, and was allowed to obscure the real question at issue. The press, however, almost unanimously agreed that no offer had been made. Obviously while the matter was being hotly contested before a Royal Commission, and while the whole strength of the secondary industries was being exerted against any reduction in the tariff, the Government could not afford to make such an offer. Mr. Forbes explained that he had sent the cablegram, stating a purely hypothetical case, for the sole purpose of obtaining an authoritative contradiction of the assertion frequently made that the offer by New Zealand of a free market for British manufactures would be answered by unrestricted entry for our products into Great Britain. What really emerged from the exchange of telegrams was a broad hint from the British Government that the question was one for discussion between Governments and not for sectional bargaining. Nobody can well

cavil at the interpretation given by the *Evening Post* (April 2):

It is for the Dominion people, as represented by the Government, to say if they will trade secondary industries' protection for immunity from the quota for dairy producers. The farmers cannot say that, for they would be selling something which they do not own. Until the Government is prepared to say whether it will sanction such a bargain it is wholly idle for the British Government to consider it.

Up to this point the Government seems to have confined itself to attempting to induce the Dairy Control Board to take the responsibility for formulating practical proposals which might justify a suggestion of the conference that a joint delegation should go to London.

On April 12, when the Dairy Board again met the Cabinet, the position had changed somewhat, since, to quote Mr. Forbes, " the British Government had indicated that it had made other arrangements apart from the quota. The cables received stated definitely that the British Government was not troubled about the quota. Because of this announcement the quota question need not be considered."* The Cabinet considered the position during the next few days, and on April 19 Mr. Forbes made an official statement in which he said :—

The New Zealand Government have decided to assume full responsibility for the problem and all necessary steps will be taken in accordance with this decision. In the face of the crisis it is not possible to act effectively with divided and uncertain control.

Continuing, Mr. Forbes said it had become apparent that the refusal of the dairy industry to negotiate along the lines of regulation of supplies had given rise to a straining of the hitherto friendly relations between New Zealand and a large section of the British public, and to a definite loss of goodwill toward New Zealand and its export produce.

* Press Association, April 15.

New Zealand: Dairy Farmer and the Quota

Mr. Forbes announced at the same time the Government's intention to set up a Royal Commission to ascertain the position and the needs of the industry. Though New Zealand has had a surfeit of Royal Commissions, this announcement was received with remarkable unanimity of approval. It was quite clear that the Dairy Board saw no way out of the impasse at an important crisis for the industry. Moreover, the country as a whole is interested out of all proportion to the two government members on a board of twelve.

This change in the situation was hailed with relief by the country at large, and not least by those engaged in the dairy industry. Discussing the position in a district of small farms (Papakura) on April 30, Mr. Coates said :—

> On all occasions when Great Britain makes a special request New Zealand should take it seriously and discuss it. This has not been done. The Dairy Board has been divided in its opinions. A fifty-fifty division of opinion would lead to ruin. To-day we are facing a crisis and there is no alternative but for the Government to make a decision. It is essential to have the co-operation of the industry. First of all the matter requires leadership.

Mr. Coates warned his audience against bringing about a breach between British and New Zealand agriculturists. The quotas were there and they could not fight them. By far the best plan for New Zealand was to endeavour to work with Great Britain on quota regulation.

On the other hand it is fair to quote the one member of the Dairy Control Board (Mr. W. Grounds) who has made a public defence of that body :—

> For more than a year we have been urging that a national crisis was upon us ; that any restriction of imports to Great Britain cut right across the whole fabric of our economic life and would necessitate a complete review of New Zealand's settled national policy of the last fifty years. Simultaneously we have urged that it would seriously imperil our national solvency, and consequently should only be contemplated as a last resource.*

* *Dominion*, April 23.

The Government and the Dairy Board

The New Zealand Government forthwith apprised the British Government that "it would be the channel through which future negotiations would be conducted," and invited suggestions from Great Britain as to the course of proceedings. Meanwhile no sooner was a Royal Commission mooted than from all over the country vigorous representations were made on behalf of embarrassed dairy farmers that the question of farm mortgages should be fully enquired into at the same time. Subsidies and bounties having been whispered and frowned upon by a public now coldly hostile to further concessions, and the British market being no longer capable of absorbing unlimited supplies, it was clearly necessary to turn elsewhere to find relief from an overhead burden that was accepted more or less gaily when prices of produce were good and land "values" high.

The order of reference of the Royal Commission to investigate the dairying industry (gazetted on May 3) empowers the Commission to enquire into the condition of the industry in New Zealand and "all such matters incidental or relevant thereto as it may think proper," to promote the interests of persons engaged in the industry and the general economic welfare of New Zealand. Specifically the Commission is to enquire into :—

(1) The relationship between production in New Zealand and demand in New Zealand or in existing overseas markets ;

(2) The extension of markets or the establishment of new ones ;

(3) "The desirability or otherwise of varying the proportions existing between the different classes of manufactured dairy produce produced for local or overseas markets" ;

(4) The utilisation of raw dairy products for purposes other than the manufacture of butter and cheese ;

(5) The desirability of reducing the output of dairy produce by diverting to other purposes lands now used or intended to be used for dairy farming ;

(6) Improvements in methods of production and manufacture ;

(7) "The sufficiency or otherwise of the monetary returns for the use of capital or labour received by persons directly or indirectly engaged in the industry" ;

(8) The reduction of charges, in the interest of all concerned in the industry;

(9) The desirability or otherwise of affording further assistance for the maintenance and reasonable development of the industry, and the means by which any such assistance can best be afforded;

(10) The best method of securing "proper co-operation between persons engaged in New Zealand" in the industry "and persons similarly engaged elsewhere";

(11) The promotion of increased consumption in New Zealand or elsewhere of raw or manufactured dairy produce;

(12) The adequacy of the Dairy Industry Act, 1908, and the Dairy Produce Export Control Act, 1903.

II. A Commonwealth Problem

MEANWHILE the question of trade with Great Britain was given an interesting turn by the arrival in New Zealand (*en route* for England) of the Rt. Hon. S. M. Bruce, High Commissioner for Australia. He was met at Auckland on May 4 by the Prime Minister, the Minister of Finance, and the Minister of Trade and Customs (Hon. R. Masters), and spent most of the few hours at his disposal in conference with them. In a speech Mr. Bruce said :—

> Co-operation with Great Britain is the logical solution of our difficulties. We need not fear the consequences. In some quarters in Australia, I know, there is an impression that Great Britain is out to squeeze the primary producers of the Dominions. That is a fallacy. It must be remembered that the expansion of British agriculture cannot go beyond certain well-defined limits. The country cannot be turned into one large intensely cultivated farm. We must approach the problem on the basis that the British farmer will first be assured of his interest in the home market, and then the Dominions will receive preferential treatment over foreign countries.

After Mr. Bruce's departure an official statement was issued in which it was remarked :—

> Mr. Bruce gave the New Zealand Minister a first-hand account of recent developments. . . . It bore out and amplified the conclusions

> they themselves had formed as a result of personal discussion and contacts with the British Government. . . . The onrush into the markets of the United Kingdom of the world's surplus products has led her to adopt new and experimental courses which were a direct concern to and called for some co-operation by Empire supplying countries. . . . It was agreed by all the Ministers that any policy that looked to an improvement of market conditions must be based on full co-operation between overseas producers and farmers in the United Kingdom. The removing of any misunderstanding of their common interests was regarded as the most important part of the task ahead.

The High Commissioners for Australia and New Zealand will jointly place the facts before the British Government and carry on the discussion there, in close touch with the Dominion Governments.

So far so good. The unanimity with which the dairy farmers approved the Royal Commission is an indication, at any rate, of more practical views on the economic depression. Until quite recently landowners have cherished the hope that the markets would recover their old level. That the dairy farmers as a whole have definitely abandoned that hope is evident from the shower of representations that fell upon the Prime Minister urging that the Royal Commission should investigate the farm mortgage problem in all its ramifications. Mr. Forbes explicitly assured a deputation of four hundred dairy farmers at Eltham that the matter was fully provided for; but he warned the farmers that there were other mortgages besides those on farms, and that it might not be possible to deal with them separately—a very timely warning.

The most interesting feature of this whole discussion is the frank, though tardy, recognition on the part of the producers of New Zealand that the British farmer has the first claim on the home market in Great Britain. Mr. Coates, speaking at Papakura on April 30, warned New Zealanders that economic conditions were changing in Great Britain, and that a phase of trading by agreements simply had to be gone through. As for himself, he admitted

that he was in favour of planning: "I have been accused of planning. I definitely am a planner. For the life of me I cannot see how in the present economic conditions we will get anywhere unless we have a plan."

The economic discussion has received more than one very thoughtful and useful contribution from His Excellency the Governor-General. Lord Bledisloe has not hesitated to step nearer to debatable ground than is usual in one holding his high office. His undoubted authority on agricultural matters in Great Britain, and the keen and sympathetic interest that he has taken in every phase of New Zealand agriculture, have been sufficient to excuse any suggestion of political activity and to give his opinions a cordial welcome. Besides frequent utterances on scientific research in agriculture, His Excellency at Christchurch last year sounded a wholesome warning against the revival of land speculation. He has also taken New Zealand stockbreeders to task on several occasions for their refusal, from a traditional fear of foot-and-mouth disease, to have the quarantine regulations relaxed so as to facilitate the importation of much-needed pedigree cattle to improve our herds. In a speech at Auckland on May 31 His Excellency threw out an interesting suggestion of an Empire *Zollverein*. He said :—

Agrarian protection has not always, or indeed mainly, been designed to promote local production, but rather to improve national balances of trade or of international payments, and to maintain the peasant population as a bulwark against communism and a reservoir of man-power in the event of war. The rise in commodity prices inevitably raises the internal costs of industrial production or lowers the standards of living by dint of reduced consumption. Thus, while the low price of butter in Great Britain has increased its per capita consumption by 40 per cent. over the 1927 level, there has been a corresponding decrease of consumption over the greater part of industrial Europe. The effect upon health and physical efficiency of inadequate supplies of essential human foods is a problem deserving close scientific investigation and indeed monetary calculation, especially in those countries where there is an expensive public system of health insurance and hospital service,

the scope of which may be greatly amplified by malnutrition, or of education, the efficacy of which may be marred by the same cause.

His Excellency stressed the danger of a policy of national self-sufficiency, which was unattainable in New Zealand and Great Britain. An important factor which would strengthen the trend towards the adoption of some group system was the necessity for all civilised nations to maintain a due standard of living by providing adequate remuneration for efficient work, together with such social amenities and cultural agencies as civilisation insistently and justifiably demands.

As long as the products of low paid labour in any part of the world (and many of its products are of indisputably high quality) are brought into unrestricted competition with those of workpeople of our own and kindred races, so long will our standard of living and social progress be threatened. An economic *Zollverein* of the group description will without doubt come to be favoured by many statesmen and social reformers, as calculated to arrest this downward trend of the standard of life at least within their own environment.

III. The Year's Accounts

In a statement at Auckland Mr. Coates said that the budget deficit had been reduced to about one-third of what had been anticipated when the budget was brought down.

The deficiency has been defined as approximately £709,000, a result which must be regarded as very satisfactory, and as a further indication that the economic position of the Dominion is improving. The shortage contemplated in the budget was £2,094,000, but arising out of the facts that the revenue exceeded expectations to the extent of £1,200,000, and that sustained economy in all avenues of expenditure had resulted in savings totalling approximately £250,000, the deficiency has been reduced to £709,000.

Taxation brought in £17,059,829, interest £2,863,856, and other receipts £3,569,063, making a total of

£23,492,748. The improvement in interest receipts was almost entirely due to the increased net railway revenue.

Full details of the accounts for the year ended March 31 show the following changes in the receipts between the last two years :—

	1932–3	1933–4
	£	£
Customs	6,131,414	6,485,013
Income Tax	3,556,774	2,961,243
Stamp and Death Duties ..	2,999,278	2,712,855
Sales Tax	38,253	1,847,333
Highways	1,680,604	1,703,527
Railways	850,544	1,085,000
Beer Duty..	654,227	655,464
Land Tax	498,916	498,977
Public Debt Redemption ..	620,088	629,496
Post and Telegraph	546,000	553,000
Post and Telegraph (profits) ..	456,000	154,387
From Reserves	2,500,000	2,000,000

The debt services called for £13,446,400, of which £11,657,915 was interest, and £1,392,261 repayments of debt. There is £100,000 as our contribution to the Singapore naval base. The unemployment levy amounted to £428,549 (as against £429,003 in the previous year). The emergency unemployment charge of 1s. in the pound, which is the main source of the Unemployment Board's revenue, yielded £3,998,317.

A pleasing feature of the present position, which does not show directly in the finance accounts, is the increased revenue accruing to the country from the sale of the season's wool clip. The gross return from this source to the end of April was £10,241,041, which is the best result since 1928–9, and is almost equal to the aggregate returns from wool for the previous three seasons together. That the wool market has returned to its old healthy condition is apparent from the fact that out of 676,550 bales offered during the season 633,553 were sold.

Both imports and exports show a healthy expansion. The recorded values for the past five years (to the

end of the production year, June 30, in each case) are as follows :—

	Exports	Imports
	£	£
1929–30	39,325,637	42,025,086
1930–31	30,062,610	30,035,253
1931–32	29,825,188	19,507,625
1932–33*	31,620,832	18,877,581
1933–34* (ten months)	41,136,000	22,631,000

* Values for these years expressed in New Zealand currency.

The financial operations of local bodies in New Zealand have caused considerable uneasiness since the depression drew attention to these matters. In 1921 the gross debt of all local authorities was £32,000,000. Thereafter it grew steadily at the rate of about £5,000,000 a year until in 1927 it aggregated £64,000,000. In that year there was established a long overdue Local Government Loans Board, which, helped no doubt by the depression, at once put a curb upon borrowing. At April 1, 1933, the total amount was £73,912,122 (of which £51,179,123 was held in New Zealand). Under the restrictions exercised by the Local Government Loans Board the amount of borrowing for new works has gradually been reduced from £3,866,551 in 1928–9 to £917,560 in 1933–4. Last year, for the first time, a reduction was shown in the gross amount of local body indebtedness.

Under the Local Authorities Interest Reduction and Loans Conversion Act, 1932–3, which has only been in operation for a year, existing loans to the amount of £28,303,304 have been dealt with. A very desirable feature of the new conversion scheme is the fact that moneys are no longer allowed to accumulate in the sinking fund until the maturity of the loan. Debentures are now redeemed each year from the sinking fund to an amount at least equivalent to the payments into the fund. This eliminates the danger of loss from investment of the sinking

fund, and ensures an even flow of money into the hands of bondholders for re-investment. The maximum rate at which major local bodies may now raise loans is fixed at 3¾ per cent. and for smaller bodies at 4 per cent. The maximum has been recently reduced to those levels in order to accord with the high price of gilt-edged securities.

IV. Tariffs and Exchange

THE report of the Tariff Commission is still under consideration by the Government, but so far there is no hint of the direction that their proposals will take. The varying points of view of primary producers, of local manufacturers and of importers of British manufactures were very capably and exhaustively presented before the Commission. In his most recent utterance (at Dunedin on May 26) the Minister of Customs (Mr. Coates) said that the Commission had been set up under the terms of the agreement entered into at Ottawa. A definite undertaking had been given to investigate tariff matters, but New Zealand was not otherwise committed. If there had been any delay in setting up the Commission it was due to reasons over which the Government had no control. The agents of United Kingdom manufacturers had been responsible. Mr. Coates denied vigorously that the high exchange had caused a diversion of trade from Great Britain to Australia. The fact was that the depreciation of Australian currency had been responsible. It was natural that New Zealand should purchase there if Australia could quote cheaper prices, but such diversion as there had been had occurred before the increase in the exchange rate.

The agitation against the continuance of the high exchange has not, however, abated. The agitators seem to rest certain hopes upon the opening of the Reserve Bank on August 1, but the Government has made it clear that even if the present premium of £24 17s. 6d. per £100

sterling is revised, a reduction will only be gradual.* The disposal of the accumulated exchange surplus in London has been a matter of considerable discussion. When the financial figures for the year appeared on June 1, Mr. Coates said that the amount of £1,797,000 charged against the budget for the year represented the net cost to the Consolidated Fund of purchasing £8,500,000 for normal requirements in London and Australia. The total amount of sterling purchased under the Banks Indemnity (Exchange) Act, during the financial year, amounted to £26,684,000, including £8,500,000 for the normal requirements just referred to. The surplus of sterling taken over thus amounted to £18,184,000. Adding in £1,910,000 of surplus sterling taken over during the previous financial year, the total amount of surplus sterling held at March 31 last was £20,094,000.

Mr. L. Lefeaux, the first Governor of the Reserve Bank, arrived in New Zealand in May, and during that month the directorate of the Bank was appointed. Of the seven directors, three represent the State and four the shareholders of the Bank. Of these four, two are chosen from representatives of the primary industries, and two from manufacturing and commercial interests. The Secretary of the Treasury is a member of the board, but has no vote. Mr. Lefeaux has been at pains since his arrival to make it clear that he has quite severed his connection with the Bank of England, adding that of course the Bank of England would be the agent in London of the Reserve Bank, an arrangement that would be of very great value. The relations between the Reserve Bank and the trading banks are not yet clear. It is said that the Reserve Bank will

* In a statement issued on July 18, the Reserve Bank declared that it would aim at retaining the present exchange rate for a long period unless a marked alteration occurred in existing conditions. In order to assist in achieving this stability, the Bank would be prepared to enter into forward exchange contracts with trading banks, but did not wish to compete for exchange business in the ordinary course, provided adequate facilities were available elsewhere.—Editor.

take over government accounts, and it will also, of course, control the note issue, the trading banks obtaining their requirements of notes from the central bank. The Chairman of the Bank of New Zealand (Sir Harold Beauchamp) stated at the annual meeting on June 15 that his bank will have to find about £7,000,000 to transfer by way of deposit to the Reserve Bank, this being made up of 7 per cent. on the bank's free deposits, and 3 per cent. on fixed deposits. Of this sum, £1,750,000 will be transferred in gold from the vaults of the Bank of New Zealand to the Reserve Bank, and the balance by the repayment of treasury bills out of funds to be remitted from London to the Reserve Bank. The trading banks expressed strong opposition to the decision that the gold held by them should be handed over to the Reserve Bank in exchange for notes of an equivalent nominal amount, *i.e.*, at half its market value.

The function of the Reserve Bank in regard to exchange was outlined in a statement presented to the Parliamentary Monetary Commission on April 17 by the Secretary of the Treasury and the second assistant Secretary. According to them, the surplus sterling accumulated in the hands of the Government will be handed over to the Reserve Bank, which must give notes for it in New Zealand. These New Zealand resources can then be applied to paying off the treasury bills issued to the trading banks in payment for sterling. These operations will lighten the burden on the Government, and will so increase the sterling reserve of the Reserve Bank that if necessary or desirable it will be in a position to promote, or itself bring about, a considerable increase in the volume of credit in New Zealand. The large amount of London funds, the statement added, will in no way be a burden to the Reserve Bank, however long it may hold them, for it will simply have to give its own notes in payment, and these will not bear interest. In fact, the Bank will derive some revenue from the investment of the funds in London. This, however, is only incidental to the use of the funds as a basis for the control of currency and

credit in New Zealand. The Bank has little interest in the making of profits, the great bulk of which will go to the Government.

V. Government by Commission

THE tendency to govern by boards and commissions, or to evade the solution of difficult problems by this means, is as active as ever. At the moment of writing there are four Royal Commissions in existence in New Zealand, and two parliamentary committees on the point of finishing their work. One committee, composed entirely of members of Parliament, but not a select committee since it was appointed during the recess, considered the film and picture-showing industry in New Zealand, and has presented a report recommending certain changes in the system of hiring and royalties. This is mainly interesting for its vindication of that much-abused official, the film censor. The other parliamentary committee has been considering monetary and currency questions. When it was appointed there was an uneasy feeling that the Government, having already decided the question of establishing the Reserve Bank, had exercised a playful perversity in nominating to the committee members who had taken no particular interest in the various panaceas offered for escaping our debts without paying them.

Of the Royal Commissions, great interest centres in the one that is considering (under the presidency of Mr. Justice Smith) certain alleged irregularities in the administration of native funds on land settlement schemes under the authority of a recent Act of Parliament. A good deal of racial feeling appears to have been engendered among the Maori by several critical debates in Parliament. The report of this Commission is awaited in the expectation that it will be a document of first importance in connection with the future of the Maori race. A Royal Commission on company law has been the subject of some litigation.

Acting on representations, the Government, on January 17, set up this Commission to enquire into financial and other matters affecting the control of companies with a view to the modification of the law. It had no sooner commenced its investigations than two companies, Timberlands Woodpulp, Limited, and Tung Oil Securities, Limited, initiated proceedings in the form of an application for a writ prohibiting the Commission from acting, on the grounds of bias and financial interest. They also incidentally challenged the right of the Governor-General to set up a Commission at all on the grounds that there was no proposed legislation on the subject before Parliament, and that therefore the investigation was a mere "fishing expedition." The application was dismissed by the Full Court on May 1, on the ground that the Commission exercised no judicial function, and was not a judicial tribunal in any legal sense.

The other two Commissions, the Tariff Commission and the Dairy Industry Commission, have already been referred to.

VI. Defence

As the outcome, it is understood, of communications with the British Government, New Zealand is taking the first step towards restoring the strength and efficiency of the defence forces. It will be remembered that shortly after the accession to office of the Liberal party in 1929, the compulsory training provisions of the New Zealand Defence Act were repealed. This step, which was dictated by political reasons, but justified by the demands of economy, was very strongly opposed by the Reform party, which held that the compulsory training clauses should be suspended rather than repealed. For the last few years our defences have been manned on the old voluntary basis. The strength of the establishment has naturally been reduced, but not lower than the financial conditions of the Dominion demanded. The Minister of Defence (Hon. J. G. Cobbe) disclosed to the Officers' Club at Auckland

on April 30 the measures that the Government propose to take to restore the efficiency of the force. These include the addition of a platoon to each rifle battalion, a troop to each mounted rifle squadron, and a mortar to each machine-gun company; the development of the air force by the purchase of a number of new machines of advanced trainer type; the strengthening of the coast and anti-aircraft defences; the grant of pay for home training; and the issue of boots to all ranks. Commenting on the proposals, Mr. Cobbe said that it must not be forgotten that New Zealand to-day was practically defenceless. All that was being done was to provide the Dominion with protection in the event of any emergency. It was wrong for anyone to view the Government's plans in the light of stimulating war. After all, a man locked the door of his house or business premises, not expecting a robbery, but in order to provide a measure of protection against robbery. That was what New Zealand was doing in strengthening her defence forces. New Zealand was more than ever dependent upon the sense of patriotic duty of the country at large to ensure that the strength of the force was equal to the establishment.

That even Liberal opinion is not disturbed at the re-armament proposals is evident from the comment of the Christchurch *Times*:

> We have fallen far short of perfection in this matter, and some recent discussions have brought it home to us that war is just as likely to occur in the Pacific as in other parts of the world. Unless the prospects of a continuance of peace improve, we may again have to resort to the system of universal military training, with or without the proviso that men ordered into training in New Zealand shall not be compelled to serve overseas. After the World War, it was supposed that there would be no further necessity for trained forces for many years to come, and the Dominion seized the opportunity for economy in her system of defence. But it has to be realised that the possibility of war exists now, just as it did prior to 1914.

New Zealand.
June, 1934.

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POWER POLITICS IN THE PACIFIC

THE last issue of this review contained an article setting forth the background of the Washington treaties of 1921–22 and the London treaty of 1930, and the broad issues underlying the question of their renewal or revision. The situation has developed a good deal since then. The preliminary conversations held in London between representatives of the United States, Great Britain and Japan this summer and autumn are apparently ending in deadlock, and it seems likely that before the end of the year Japan will have given notice to terminate the Washington disarmament treaty. If so, we shall be confronted by a crisis, the gravity of which is not yet generally recognised.

I. The Return of Power Diplomacy

FOR about twelve years after the conclusion of the treaties of peace, international relations were conducted, broadly speaking, on the basis of the ideas implicit in the Covenant of the League of Nations. That is to say, nations accepted—either through exhaustion or through satisfaction or through conviction—the thesis of the Covenant, that the treaty settlement, combined with the *status quo*, established a world political structure, based on national self-determination; that this structure could and should be altered as justice and occasion required by some form of pacific procedure under Article 19 of the Covenant; and that attempts to make changes by

violence were outlawed, and would be resisted by the collective action of all League members under Article 11. Though the United States did not join the League, a very similar set of ideas, restricted to the Pacific zone, were embodied in the Four-Power and Nine-Power treaties, which were the political foundation for the Washington treaty to limit naval armaments.

This system was the "new diplomacy," which was to replace the "*old diplomacy*" of the pre-war age. The essence of the old diplomacy was not secrecy, as is often believed, but the use of power politics. Power diplomacy—which is the best word for the system—was based on the belief that in a world of international anarchy there were certain conflicts of interest and ideals which could not be resolved by agreement, but only by force. The adherents of power diplomacy, however, did not believe that war was the only or the necessary means of altering the international *status quo*. Though they were prepared, in the last resort, if circumstances warranted it, to go to war to achieve their ends, they recognised that they could often obtain those ends by a diplomacy which succeeded in putting their opponent in such a position that he had to yield as the alternative to certain defeat in war.

For fifty years after the Napoleonic wars the affairs of the Continent were settled by a loose association of the leading European Powers, generally referred to as the Concert of Europe, which was mainly concerned to preserve peace and the then existing political boundaries, and to bring about such changes as were necessary by agreement and not by war. The Concert had in view very much the same ends for Europe as the League of Nations has for the world, though it was much less democratic in concept and though no place was found within it for the small nations. The Concert was destroyed by Bismarck, who transformed Europe by the wars against Denmark in 1864, against Austria in 1866, and against France in 1870, and who substituted for the Concert the two opposing systems of the

Triple and the Dual Alliances. These groups, after playing the game of power diplomacy with varying success for a good number of years, eventually plunged headlong into the world war.

The post-war League of Nations system of concert has lasted only fifteen years. The first great blow to it was the Manchukuo incident of 1931–1932, and the withdrawal of Japan from the League. The second was the withdrawal of Germany from the Disarmament Conference and from the League in 1933. Both withdrawals implied the abandonment of League ideals and a return to power diplomacy by the nations concerned—with results for the world which are only now beginning to be understood.

II. The Crisis in Manchuria

THE Washington treaties, like the Anglo-Japanese alliance before them, had provided for the integrity of China and the open door, and Manchuria was admittedly a part of China. But the situation in Manchuria differed from that in the rest of China, in that on the one hand the government of Manchuria was in the hands of the autocrat Chang Tso-lin and later of his son Chang Hsueh-liang, who, until just before the crisis, repudiated the authority of the Nanking government, while on the other hand Japan had extensive treaty rights in connection with the South Manchuria Railway, Dairen and other concessions, including the right to maintain a railway police force. In the conditions of 1930, there were, in effect, two competing sovereignties in Manchuria—one Chinese, but not effectively controlled from Nanking, and the other Japanese.

This was, as the Lytton Commission later declared, a situation which could not last. The liberal elements in Japan, including the Japanese Foreign Office, were anxious to try and solve the Manchurian problem within the procedure of the Covenant of the League and the Nine-

Power treaty of Washington. The military party were of opinion that the problem was insoluble by conference, that one sovereignty had to prevail over the other if order and progress were to be assured, that a solution in the Japanese sense was essential to the future of Japan, and that the question should be settled by force as soon as a favourable opportunity occurred. They decided, like Dr. Jameson in 1895, to precipitate the issue themselves, almost certainly without the consent and perhaps without the knowledge of the Foreign Office. The question remained, when was the favourable moment ? They had no doubt of their capacity to overcome Chinese resistance. The real question was whether other Powers would intervene—Russia on her own account, or the United States and the British Empire under the Washington treaties, or most of the world under Article 16 of the Covenant—and, if so, whether their intervention would be effective in compelling Japan to desist. The military party finally decided that, while the protests would be vehement, neither Moscow nor Washington nor London nor the Powers assembled at Geneva would go to war or use economic sanctions. The Mukden *Putsch* of September, 1931, was the fruit of this decision—the first move in a series of events that ended logically and inevitably in the occupation of Manchuria and Jehol by Japan, the destruction of Chinese sovereignty, and the creation of the puppet or dependent State of Manchukuo.

The diagnosis of the militarists proved to be right. There were protests in plenty, but nothing more. Mr. Stimson, the American Secretary of State, proclaimed the American doctrine of non-recognition, and, as some believe, was prepared to consider some form of economic action had he been assured of support in London. To that aspect of the question we shall return later. The central fact remains that the Japanese advocates of power diplomacy were proved right. World opinion may have been behind League sanctions and the Four- and Nine-Power treaties, but

none of the signatories was willing to put " power " into the collective system, sufficient to deter the "power" put into the situation in the interest of their own national policy by the Japanese military element. So Japan, to use an eloquent American expression, " got away with it." Her withdrawal from the League was the inevitable result. Having succeeded in Manchuria, she abandoned the collective thesis of the League and took her stand once more under the banner of the " old diplomacy."

III. The Policy of Japan

If we are to judge properly the situation that will arise if the Washington treaties are denounced by Japan at the end of this year, we must first arrive at an estimate of her present-day policy. This is not easy, at so great a distance; for there are two Japans—the liberal and democratic, and the militarist and imperialist—though at present the second is completely in power.

There is no doubt that at the beginning Japan had a case in Manchuria. The *status quo* clearly could not last, though some of her own nationals doubtless contributed to the difficulties. There was a good deal to be said for the view that only Japan could bring order out of chaos there. The gravamen of the charge against Japan is that, having signed a number of solemn pledges to deal with the problem in consultation with the other signatories, she decided, under the pressure of the Araki party, to ignore these treaties and the procedure they prescribed, and to settle the question in her own interest by violence. If the pacific procedure, having been given a chance by Japan, had failed, there might have been an excuse for unilateral action. But by sweeping the treaties aside Japan has exposed herself to the suspicion that the word of those elements who have replaced the older statesmen of the past cannot be trusted. It is these elements who are now in complete control in Japan, and who are clearly directing the policy towards

the Washington treaties which is being pursued at the present conference.

So far as can be judged, the military and naval parties take the view forcibly represented in the past by General Araki. It may be summarised as follows. Japan, with her small island territory and her rising population, now over 65,000,000, with her passionate belief in the "destiny" of her people as a civilising and ruling force in the world, cannot be content to remain an island state. Inasmuch as the outer world is pre-empted, her destiny lies on the mainland of Asia, though later, perhaps, if she succeeds there, she may go even farther afield. To-day, however, she is being driven by imperious necessity to become the controlling force in eastern Asia. This for two reasons: partly because only by developing its raw materials and food supplies, turning them into manufactured articles in Japan, and selling them back to the mainland, can she employ her people at home at a rising standard of living; partly because it is her destiny to be the leader of Asia against the physical and cultural domination of Europe and America.

For the next generation she is confronted with the task of dealing with Russia and China. How she will perform this tremendous and difficult task cannot be precisely foretold. The Washington treaties, however, give to eight other signatories, and especially to the United States and the British Empire, a controlling position in Far Eastern affairs. It is true that they allow Japan naval security in her own territorial waters; for the bases of the other two navies are each more than 3,000 miles away and the fortification of intermediate bases is forbidden. But if Japan became seriously involved in the mainland, and if the United States and the British Empire chose to combine, they could prevent Japan from carrying out her Asiatic ambitions, especially if Russia were also engaged. For the Washington treaties concede that Far Eastern questions are the collective concern of all the signatories of the Four- and Nine-Power treaties.

The Policy of Japan

From the military and naval point of view now predominant in Japan, the necessary preliminary to her great Asiatic enterprise is that she should, as far as possible, close the back door, the ocean door, to the Far East against the United States and Great Britain, and deny their right to an equal voice in Far Eastern affairs. It was because the treaties compromised the destiny of Japan that the extreme military party assassinated the principal authors of the policy of agreement embodied in the Washington treaties, and eventually overthrew the moderate parties. And the reason for the decision to denounce the Washington treaties, which, in substance, was taken many months ago, is that the present controllers of Japan mean to recover a free hand in the Far East.

The preliminary to denunciation has been a formal demand for "parity," in the form that the British and American navies should come down to a common upper "ceiling." This would mean an immense strengthening of Japan's relative position without serious expense to herself, though she might be willing voluntarily not to build up to that "ceiling" for a while. It has been clear, however, for a long time, that neither the United States nor Great Britain would voluntarily concede "parity" to Japan. Japanese parity, so far as the British Empire is concerned, means complete Japanese supremacy in the Pacific; for the British navy has also to protect Great Britain, Africa, the Indian Ocean and Australasia, and can thus keep no effective main fleet in the Far East, whereas Japan has nothing else to consider. The United States is even more firmly resolved, partly because she fronts equally on the Pacific and the Atlantic, which makes it impossible for her to keep her whole fleet in the Pacific, and partly because she is not willing to agree to Japan's having at the same time an immensely greater army than her own and an equal navy. Besides, both delegations have become increasingly convinced that the Japanese Government means in any case to denounce the treaties.

Power Politics in the Pacific

IV. The Denunciation of the Treaties

WHY has Japan apparently made up her mind that in the highly probable event of her not obtaining parity, or near parity, by agreement this autumn she will denounce the treaties before the end of the year? It would seem to be as follows. If she denounces the Washington naval treaty she will be free to build what ships she likes, and will be rid of the prohibition against fortifying or creating naval bases in her Pacific islands as provided by Article 19 of the treaty. If she denounces or ignores the Nine-Power treaty relating to China as well, she will be free from her international obligations to respect the integrity of China, and to maintain therein the open door for the trade and commerce of all nations—a principle already impaired by the Manchukuo affair. She will then be able to carry out that policy of indirect control in China which was recently outlined by Japanese official spokesmen in a number of capitals, in accordance with which those who want to trade in China will have to negotiate in Tokyo and not in Nanking. She will further be able to lease a naval base in the south of China (as European nations have done in the past) and to squeeze British trade out of the Yangtse valley if Great Britain opposes her desires. Finally, if she ignores her obligation not to fortify bases in the mandated Caroline and Marshall Islands, which she took over from Germany at the end of the war, she can acquire submarine and possibly fleet bases just north of the equator, next door to Borneo and the Australian territory of New Guinea, and between the Philippines and Hawaii.* If she can do all these things with impunity, she will obviously both have closed the back door to the Far East and nullified the collective system established for that area at Washington

* There is much suspicion, as was shown by the discussion in the Mandates Commission at Geneva at the beginning of November, that Japan has already begun to fortify bases in the Caroline Islands.

in 1922, and she will have done so in the most effective way, not only by having the power to defend her own interests, but by being able to menace Hawaii and Singapore.

The central question the power diplomats of Japan ask themselves is whether the United States and Great Britain will object—and object effectively. It is quite true that they will be free to build up to the 5:5:3 ratio, and even beyond it, if they so desire. It is quite true that the United States will be able to fortify and make bases in the Aleutian Islands and the Philippines, and that Great Britain will be able to do so at Hong Kong. It is quite true that they will be able to lend very effective assistance to China and to solicit the support of Russia, if they wish to do so. But will they? Or will there be a repetition of what happened in Manchukuo? That is the question which people who are alive to what is really going on to-day are asking themselves. The United States will probably build to maintain her ratio—at any rate for a time. But will she do more? Will she intervene to prevent Japanese domination of China or the fortification of the Caroline Islands? Will she create a new naval base in the Philippines? The present calculation is that almost certainly the United States will not intervene, even though she may build to maintain her ratio, and that she will not fortify the Philippines. As regards Great Britain, will she build to maintain her ratio? Probably she will, with great reluctance, add to her navy because she cannot afford to see the United States with a larger navy than her own and Japan with an equal one. But will she intervene to prevent Japan from carrying out the Far Eastern plans of the military party? The answer of the power politician is that whether she wants to or not she cannot do so by herself. She may have a naval ratio of 5 to 3 against Japan, but with Europe in its present condition and with a resurgent Germany she cannot move more than a fraction of her navy to the Pacific. Her ratio there is not 5, but more nearly 1. She may be able to defend Singapore and the countries to the south, but she

cannot make her power effective beyond the Straits in the Far East—by herself. Her Yangtse trade and Hong Kong are hostages in the hands of Japan. That is to say, Japan could take them, if she wished to do so, by force, and Great Britain could not hold them by force.

The calculation of the militarist party in Japan, therefore, is that they have everything to gain and nothing to lose by denouncing the treaties. At the best, within a few years Japan will have secured that predominant position in the Far East to which she regards herself as entitled, and will have repelled the interference of Europe and America. The power of her navy will have been doubled or trebled by the provision of bases far out in the Pacific, and in the south near the Equator, while her rivals will have done nothing effective in reply. At the worst she may be confronted by a resolute united front by the United States and Great Britain, in which case she will have to retreat. But, even so, she can always get the Washington terms whenever she likes to ask for them. So she has nothing to lose.

The central question, therefore, which is being asked in the Far East to-day is, will the United States and Great Britain stand together? The Japanese military party recognise that if the United States and Great Britain stand resolutely together in defence of the Washington system, still more if they can induce Russia also to support it, Japan cannot challenge them. It is utterly impossible for Japan to impose her will on the two English-speaking Powers, who together command such immense resources in ships, aeroplanes, finance, man-power and economic necessities, and who, if they combine, can fortify positions and maintain forces in the East which can easily frustrate Japan's larger ambitions, though they cannot attack Japan herself or enter her home waters.

But the military party do not expect that the British Empire and the United States will stand together in effective fashion. The United States is deeply pre-occupied with the problem of her own economic recovery. She is lessening

rather than increasing her Pacific responsibilities, and she professes an intention of vacating the Philippines altogether in ten years if the Islanders wish it. Since she refused to join the League of Nations she has taken no interest in the collective system, save for a brief period when Mr. Stimson tried to co-operate with the League in the Manchurian affair. On the contrary, she is more isolationist than ever. The United States, therefore, is not likely to adopt a very forward policy in the Far East, or to arrive at a basis for co-operation with Great Britain in the Pacific, especially as such a course would look like picking chestnuts out of the fire for Great Britain, who has larger commercial interests in China than has the United States.

Great Britain, on the other hand, is increasingly preoccupied with Europe. She literally cannot act in the Far East, except in concert with the United States, and after the experience of the last fifteen years she has lost confidence that the United States will enter into any specific obligation or will take action rapidly and decisively. Hence the present British Government has never been at pains to conceal from Japan that it was not really so very hostile to the Manchukuo adventure, that it does not wish to join in any combination against her, and that if possible it is anxious to be friends with her, provided vital British interests are secure. The fundamental reason, of course, has not been approval of Japanese policy or dislike of the United States, but a weakness, amounting almost to impotence, in the Pacific, in the event of a single-handed clash with Japan. Finally, it has been the lesson of history ever since the days of Athens that democracies are proverbially slow in facing situations such as these and in acting decisively in them.

Up to the present, therefore, the Japanese military party have seen no reason for fearing the resolute Anglo-American co-operation in the Pacific which alone might induce them to renew, in substance, the Washington treaties. Indeed, hitherto, the United States has never varied from her

fundamental determination not to enter into any special commitments, whether with Great Britain, or for the collective system in the Pacific, or with anybody else. She has regard solely for her own interests. And the British Foreign Office, convinced that no definite obligation will be undertaken by the United States, has not varied from its determination not to form part of an Anglo-American front against Japan, even though it is Japan who is proposing to tear up the Washington treaties. It is trying to play equally with both sides. From the point of view of a power diplomat in Japan, is not therefore the obvious course to denounce the treaties and to play a hand which may be vastly more profitable if also vastly more dangerous than that played in Manchukuo two years ago?

V. The Choice before Great Britain

THE crisis that will arise if Japan denounces the Washington treaties and destroys the collective system therein set up will present three possible alternative policies for the British Commonwealth. The first is to build *pari passu* with Japan so as to maintain the ratio of 5 to 3, and to station a much enlarged fleet at Singapore and in the Pacific so as to defend British interests and the Washington principles in the Far East. The objection to this course is that it is expensive, and that, in itself, it must lead inevitably to a collision with Japan, in which Great Britain, by reason of the distance from her main home base, would be at a great disadvantage. Could she, by herself, resist the squeezing out of British trade on the Yangtse or the creation of a naval base in south China?

The second possibility is to try to come to terms with Japan while retaining friendly relations with the United States. This is a policy that has had many advocates, especially among the services. It has been seriously considered by the British Government. It seems to solve

the problem. Why not get back to the situation as it was under the Japanese alliance? That alliance worked very well from 1902 to 1922. It did not embroil us with the United States: indeed, there was a clause relating to arbitration which excluded the United States from its operation. It prevented the Sino-Russian war from developing into a general war and saved Japan from being interfered with, as she had been after the Sino-Japanese war. It enabled Great Britain to remove almost the whole of her fleet to the North Sea to meet the menace of the growing German navy, while the security of eastern parts of the Commonwealth was assured; and it kept Japan—though for a moment the issue was in doubt—on the Allied side during the world war. It therefore served very well the interests of both sides and kept the peace of the Pacific. Why should we not come to some similar arrangement now, while still maintaining the most friendly relations with the United States?

Attractive as this proposal seems, the more closely it is examined the less practicable does it appear. In the first place, the position and purpose of Japan have entirely changed. Then, Japan was a small nation, thinking mainly of her own security as against Russia and how she was to protect herself against European intervention. Now she is a powerful State, at present in the hands of what is practically a militarist dictatorship. The Anglo-Japanese alliance provided for the integrity of China and the "open door." To-day it is the avowed policy of the present rulers of Japan to impair both. Then, British and Japanese interests did not conflict. Now they conflict abruptly, in China, in trade all over the world, and in naval matters. If there is to be an agreement with Japan it will only be because Great Britain pays a price that makes it worth Japan's while. She will not enter into an understanding with Great Britain merely to maintain the principles of the Washington settlement. If she was prepared to uphold those principles she would renew the treaties and

thus keep on good terms with the United States as well. Before her present leaders would guarantee the security of British possessions and trade in the East, they would require in return agreement to new Japanese fortifications, to the ending of the collective system, and to some such arrangement as a non-aggression treaty compelling us to be neutral in the event of trouble between Japan and the United States. The net result would be that we should be left helpless and impotent between Japan and a United States which would certainly refuse to come into line.

Could Great Britain make such an agreement with Japan without both estranging the United States and breaking up the Commonwealth—and incidentally damaging her trade with the Chinese irretrievably, by deserting China in her hour of need ? There is no need to elaborate the effect on United States opinion of our being willing to abandon the principles of the Washington treaties in order to enter into a special arrangement with Japan, which would force us to be a neutral, friendly to Japan, in the event of a Japanese-American crisis. Canada, as in 1921, would inevitably take the same view as the United States. So probably would the Irish Free State and South Africa. General Smuts said so unmistakably only a few weeks ago. Australia and New Zealand, driven to choose between the United States and Japan, would certainly prefer the greatest "white" Pacific Power.

Our moral position in coming to special terms with the nation that had violated the Covenant and the Four-Power and Nine-Power treaties would be open to grave reflection. Nor would we even have reliable material advantages to set against the moral stigma ; for in view of our experience with the Nine-Power treaty how long would the agreements be effective as security for the British Commonwealth in the Far East ? Would they last any longer than it paid the Japanese military party to respect them ? And, finally, what would be the effect on that intangible but very real thing, our prestige in India and the East—indeed, in the world—if

in our weakness we came to terms with a militarist Japan, obviously because we were afraid of her, thereby delivering a further blow to the liberal forces in Japan itself? There is clearly no passable road in the direction of a special understanding with Japan.

We come now to the third alternative—co-operation with the United States in dealing with the Pacific problem on the broad principles to which we agreed at Washington in 1922. The primary difficulty here is the isolationist policy of the United States. Her rejection of the League of Nations, her infliction upon Europe of the disasters that arose from her sudden withdrawal in 1920, the purely nationalist view of war debts and reparations that she has adopted, and her refusal to take part in any collective organisation for peace—save the Kellogg Pact, which at present is a mere statement of principles—have convinced the rest of the world, and Great Britain in particular, that it is impossible to found a policy on co-operation with the United States in *action*. We can agree on principles of policy, but not on the means whereby the policy is to be made effective, if peaceful agreement should fail. Yet co-operation in the Pacific between the United States and Great Britain, in the circumstances outlined in this article, is possible only if the United States is prepared to act. Great Britain cannot embark upon any active policy which may induce Japan to use force, or may involve the use of force by herself, beyond the line Singapore—Borneo—New Guinea—New Zealand, unless the United States is also engaged. And the reason is clear: while the United States is able to deploy formidable power in the Pacific, Great Britain is able to deploy but a small amount of power, though the two acting together are immensely strong.

On the other hand, there is no use in our putting all the blame on the United States. In 1932 it was Sir John Simon and the British Foreign Office—acting, no doubt, under pressure from the Committee of Imperial Defence—

who destroyed the Anglo-American co-operation on the Pacific question that Mr. Stimson, then Secretary of State, was striving to bring about. This is not necessarily to endorse the view that, if from the start the United States, Great Britain and the League had maintained a strong and united diplomatic front on purely pacific lines, Japan would have yielded, and the liberal forces in Japan would have recovered their power. There is a great deal to be said for the British view that nothing that was open for anybody to do in 1931–32 could have prevented the evolution of Japanese policy in Manchuria, unless it had been made clear from the start that the Powers of the League, together with the United States and Russia, were prepared to use sanctions, if necessary, up to the point of war. Historians will debate this issue to the end of time, and the answer will remain uncertain. The charge against Sir John Simon is that when Mr. Stimson, with the backing of President Hoover, had committed the United States to co-operation with the League of Nations, and with Great Britain in particular, in trying to maintain the collective system as formulated in the Washington treaties, this co-operation was flouted by Great Britain. The British Foreign Office seldom missed an opportunity of making clear to Japan and the world that it did not associate itself with the views of the United States, even though in the end it came down in favour of the League declaration of non-recognition. The real case is not that the Manchukuo policy failed, but that Sir John Simon and the Cabinet did not see the supreme opportunity for bringing the United States into active co-operation with the collective system in the Pacific, had they seized the chance presented to them by Mr. Stimson.

On both sides, therefore, the chickens of non-co-operation are coming home to roost. The defection of the United States in 1920 has made the rest of the world believe that they cannot do business with her. The defection of Great Britain in 1932 has left her to face the far more dangerous Pacific situation of 1934–35 alone.

None the less, Anglo-American co-operation is the only way of solving the problem and of avoiding a far more serious crisis later, when the result would almost certainly be a world war. This co-operation should in no way be anti-Japanese—unless a militant policy on the part of Japan makes that inevitable. There is, we think, a great deal to be said for Japan's view of the Manchuria situation, though nothing for the way in which she broke her engagements. We believe that the whole Far Eastern problem should be reconsidered in the light of events in the last twelve years, and that the claims of Japan to an altered status should be given friendly consideration. We wholly endorse the words of General Smuts on this point in his speech of November 12. But there are three essential conditions. The first is that the political discussion should take place round a table and not under threat of power diplomacy, and that it should maintain the principle of the collective or joint settlement of Far Eastern disputes. The second is that the new settlement should give real security to the three Powers principally concerned, partly by a limitation on the number and types of naval armaments, and partly by a scheme of non-fortification precluding any one Power from imperilling the security of the others. The third is the maintenance of the integrity of China and of the "open door." These are the real issues that will be raised by the denunciation of the treaties. Does Japan mean to abandon these principles and to play a lone hand? There are many ways in which they could be preserved without perpetuating the 5:5:3 ratio, which is now so obnoxious to Japan, and while admitting the special position that Japan must necessarily occupy in the Far East, so long as she respects the basic Washington principles.

We believe that if the United States and the British Empire make it perfectly clear during the next few months that they mean to uphold these basic principles, while doing the fullest justice to Japan's political claims, and to stand together in supporting them should no tripartite agreement

emerge, then a friendly solution can be reached. For the militarists understand that kind of argument and will yield to it, while it will help the " elder statesmen " and the liberal elements to see clearly that the policy of the young militarists must sooner or later force on a war in which the United States, the British Commonwealth, Russia and China would be combined against Japan, and that that way destruction lies. Provided the two great English-speaking Powers are ready to recognise Japan's special position, to make such modifications in the naval terms as are compatible with those basic principles, and above all to stand resolutely together in defence of their policy, then it should be possible to persuade Japan that on the long view it is the wisest policy for her to remain on good terms with them and to continue to settle Pacific problems in friendly co-operation with them.

But if the two English-speaking Powers fail to come together, still more if they act separately, if Great Britain begins to talk of coming to terms with Japan on her own account, as some of her leaders have done, and if the United States insists on acting alone in the Pacific, refusing any undertaking to support the Washington principles by collective action, the Japanese militarists will win without serious difficulty the position they are seeking. They will repeat on a far greater scale the power diplomacy which succeeded so well in Manchukuo, but which eventually leads those who practise it to the abyss in which Germany has found herself since 1914.

VI. The Dominions, the United States, and Japan

GRANTED the need for Anglo-American co-operation in the Pacific in support of the Washington principles, we must go on to ask what are to be the terms of that co-operation, if and when the question of power should arise. There is a limit to what Great Britain can do.

Great Britain to-day is in the firing line, so to speak, in the North Sea, along the French and Belgian frontiers, in the Mediterranean, at Suez and on the desert frontier at the head of the Persian Gulf, along the Indian frontier, at Singapore, and so to Australia and New Zealand. Both in self-defence and in support of the collective system in Europe she has to bear the brunt. Even that line she can barely hold by herself. She cannot extend it across the Pacific, though her contribution in support of such a Pacific line in co-operation with others would be very great. What is to be the contribution of Canada, Australia, New Zealand, South Africa and India to the solution of the Pacific problem? It is their problem even more than Great Britain's—and in the realms both of diplomacy and of air defence they have much to offer.

Even more important, what is to be the contribution of the United States? If Great Britain is to co-operate with her in the Pacific, she must know where America stands, just as America is entitled to know where Great Britain stands. Great Britain cannot afford to oppose Japan, and then find that she is left to deal with the situation alone; for while she is powerful in support she is almost powerless alone. Rigid isolationism on either side is incompatible with Anglo-American co-operation in the Pacific. The United States, even though she still refuses to support the collective system in Europe, must become part of it in the Pacific, if the Washington system is to survive.

These are very vital questions. They may come up for discussion between the United States and Great Britain at a very early date. They will have to be considered at the meeting of Empire Prime Ministers next May, if, as seems certain, the treaties have been denounced by Japan. They are the gravest issues that have confronted the Commonwealth since the world war. For the breakdown of the collective system in the Pacific would almost inevitably be the final blow to its effective continuance in Europe also.

Finally, let us add, this article is written in no spirit of

hostility to Japan. The British people have long had an admiration for the people of that country. But their admiration was founded on the wise, moderate and statesmanlike policy which Japan pursued under the guidance of her elder statesmen. It is the best friends of Japan who are now most anxious about her future, lest she abandon co-operation with her associates in the Washington treaties, follow the lead of her short-sighted young militarists and power diplomats, and embark on a course which can only lead herself and everybody else to disaster. Hence our belief that the only wise course for everybody is to renew the Pacific concert in some form which safeguards its two basic principles of security for all and collective guarantees for the integrity of China.

IRELAND AND THE COMMONWEALTH

Note.—The following article has been written at the request of The Round Table by a citizen of the Irish Free State who is a close observer of its political movements. His distinct Nationalist sympathies do not prevent him from regarding the problem of the relations between Great Britain and Ireland in the light of the wider interests of the British Commonwealth as a whole. The views that he expresses are his own, and are not in any sense to be taken as those of The Round Table. We hope to publish later an article or articles on the Irish problem, expressing the views of other sections of opinion, especially in Northern Ireland, but likewise inspired by a regard for the welfare of the whole Commonwealth.

* * * *

It is too probable that no plan we propose will be adopted. Perhaps another dreadful conflict is to be sustained. If, to please the people, we offer what we ourselves disapprove, how can we afterward defend our work? Let us raise a standard to which the wise and honest can repair; the event is in the hands of God. George Washington at the Philadelphia Convention, 1787.

THIRTEEN years have passed since the Anglo-Irish Treaty was signed in December, 1921. Many people, on both sides of the Irish Sea, hoped and believed that the Treaty would end, for our time at all events, the secular struggle between England and Ireland, and that the new Irish Free State would take its place as a contented and prosperous unit of the British Commonwealth, in the creation of which its people had played such a

considerable part. It seemed reasonable to suppose that the soothing effects of time, experience, and common sense would bring to Ireland, as they had brought in somewhat similar circumstances to Canada and South Africa, eventual unity and peace. These hopes have, unfortunately, not been fulfilled. The Irish problem remains—removed, it is true, from its former position as a domestic quarrel confined to these islands, into the wider domain of Commonwealth affairs, but perhaps all the more serious in its implications on that account. In those thirteen years the influence of Ireland has revolutionised Commonwealth relations. It is time that some attempt was made to consider impartially the origin of this problem, the developments that have recently taken place, and their predictable effects. The purpose of this article is, therefore, to examine frankly the reasons, political and historical, why Ireland still remains England's greatest unsolved problem, to point out the immediate and probable results—particularly in relation to the Commonwealth—of the failure to solve it, and to suggest, if only tentatively and in all humility, a possible approach to a solution, honourable and satisfactory alike to both countries.

I. The Historical Background

THE facts that govern and create the present situation in Ireland are relatively simple, the historical reasons for their existence complicated. It is essential to understand both one and the other if right conclusions are to be arrived at, for Ireland's present condition is the result of her past history and her geographical position. Ireland in relation to Europe is an island beyond an island, shut off by Great Britain from European invasion and influence, and in turn shielding Great Britain from the enervating currents of the Atlantic. This physical proximity has had inevitable political results. Whilst England remained

a small unimportant country Ireland was free and prosperous, but as soon as the British people began to become strong and powerful they sought, naturally enough, to control the sister island in order to strengthen their own economic and strategic security. An independent Ireland would undoubtedly then have been a serious menace to the growing British realm. If the two peoples had been fused into one, the Irish question would not have arisen.

But Ireland was not only an island; it was also inhabited by a distinct Celtic race, who refused to be assimilated by their Norman and Saxon neighbours. And to the difference of race was later added that of religion. Converted to Christianity in the fifth century, Ireland remained Catholic at the Reformation, which thus raised fresh barriers between the two countries. Religious persecution increased racial hatred, and for two centuries poisoned the wells of national intercourse, with permanent and disastrous results. At the same time England planted in the north-eastern corner of the country a Protestant colony of Scotch and English origin—a foreign body that, unlike most others, has never since been entirely assimilated by the Irish people. It is almost impossible to exaggerate the importance of these events in widening the breach already existing between the two islands and perpetuating its existence. The penal laws of the eighteenth century reduced the country to complete servitude. But the desired end of extirpating the Catholic religion was not attained. Its rites were practised in secret, and the number of apostasies was infinitesimal. The Catholic gentry fled to the Continent for education, and served bravely and with distinction in the armies of France, Austria, and Spain against their persecutors.

Finally, the subordinate parliament of the Anglo-Irish Protestant ascendancy, which had been established in Dublin, influenced by the American Declaration of Independence, demanded legislative freedom; 200,000 Irish Volunteers, enrolled to safeguard Ireland against a

French invasion, presented a demand which could not be ignored. In 1779 the Irish Government secured the abolition of all commercial restraints, and in 1783, by the Renunciation Act, the English Parliament yielded to the threat of force and renounced formally for all time its right to legislate for the people of Ireland. No bond, save that of the Crown, united Ireland to England; she had become a sovereign and independent nation. Grattan, the leader of the Irish Parliament, perceiving the necessity for national union to maintain what he had won, did not hesitate to tell his co-religionists that the Irish Protestant would never be free while the Irish Catholic was a slave. The question was, he said, whether they were to be an English colony or an Irish nation. Unfortunately, no adequate steps were taken to emancipate the Catholic population. A new era, however, seemed to have begun for Ireland. Once the English commercial restraints were removed, economic prosperity returned as though by magic.

But if the American Revolution had furnished the inspiration for Irish independence, the French Revolution was destined to destroy it. Its doctrines spread to Ireland. In Belfast, strange to say, the more advanced spirits desired complete separation from England, and dreamed of founding an Irish republic. The republican ideal, which soon came to signify separation rather than a theory of government, had taken root in Ireland. Under Wolfe Tone, the United Irishmen, sprung from the Volunteers, advanced in the direction of Jacobinism. This was the English Government's opportunity. Shocked by the excesses in France, the large body of moderate opinion in Ireland, both Protestant and Catholic, deserted the leaders of the United Irishmen; instead of a united nation, the Government had now only to deal with a small body of revolutionaries. After 1793 it was able to disarm and disband the Volunteers. Their leaders sought aid in France, and Hoche made a vain attempt to land in

Bantry Bay. The party of coercion gained the upper hand in Dublin Castle, revived the spirit of religious discord, and finally, by measures of excessive cruelty, provoked the rebellion of 1798, a mere rising of peasants maddened by provocation, which was easily repressed. Wolfe Tone, captured in French uniform, was tried and condemned to death, but committed suicide. Like most Irish patriots more powerful in death than in life, he became the father of the Irish republican movement. A reign of terror followed. The Irish people were once more crushed, and the English oligarchy in Ireland was confirmed in its privileges.

The Union of 1800 was the immediate outcome of the insurrection of 1798, as it was the less immediate result of the bloodless revolution of 1782. The Irish Protestant Parliament, which had secured its independence and was about to unite the Irish nation, paid the penalty of destruction, and was merged in the Parliament of Westminster. England wished to have done with the Irish nation, the Irish Parliament, and the rights of Ireland. Pitt could have imposed the Union upon Ireland by force, but he preferred to carry it by corruption. The unbribed intellect of Ireland was wholly against the measure, but votes were bought wholesale, and every official who opposed it was dismissed.

Half a century later, the famine of 1847—caused by the failure of the potato crop in three successive years—led to an exodus of the people to America, which continued intermittently for eighty years, and has profoundly influenced the social life and foreign policy of the United States. The Irish exiles carried with them abroad a hatred of English rule which had far-reaching results. After six centuries of invasion, wars, plantations, massacres and persecutions, Ireland under the Union, during nearly the whole of the nineteenth century, remained bound to England against her will, subject to civil and political oppression, and to economic and financial exploitation, but

also, through many of her most gifted sons, contributing in no small measure to the administration and development of the growing British Empire. She never really renounced her national rights, and never ceased to struggle for their recognition, making use by turn of two different methods, one constitutional and parliamentary, by which O'Connell secured Catholic Emancipation and sought to repeal the Act of Union, and Butt, Parnell and Redmond worked for Home Rule—that is to say, a moderate measure of self-government within the Empire; the other revolutionary, working sometimes through passive resistance to English rule and internal reconstruction—the policy of Young Ireland in 1848, and Sinn Fein in our day—and sometimes through armed insurrection—the policy of the Fenians and afterwards of the Irish Republican Army, whose object was complete separation from Great Britain and the British Empire. Between these two policies Ireland alternated regularly for a hundred years. When one flourished the other declined; whenever constitutional action was paralysed or destroyed, unconstitutional action took its place. What English statesmen refused to yield to argument they invariably conceded later to violence.

Unfortunately, during this process, Ireland became a pawn in the English party struggle. Irish votes at Westminster were given to the party that was prepared to yield most to Irish demands. English political life was disorganised by Irish discontents. On several occasions the Irish problem might have been solved by agreement if English politicians had been prepared to forget party advantage in the interests of international peace. Such opportunities presented themselves in 1885, in 1914 at the outbreak of war, and in 1916 after the rebellion, but party always triumphed over reason, and the struggle went on until the Coalition Government, in 1921, yielded to force far more than Irish statesmen had sought by constitutional methods.

The Historical Background

For forty years before the war constitutional action held the field in Ireland. Under Butt, Parnell and Redmond, the National Parliamentary party, encamped at Westminster, wrested from a hostile English Parliament large measures of social and agrarian reform. In 1898 local government was granted by a Conservative Government. From that moment England could not look back. She had either to grant full legislative freedom or abolish the pretence of parliamentary government in Ireland. In 1904 an almost unknown Dublin journalist, Arthur Griffith, had started a new policy in Ireland by the publication of a pamphlet, in which he drew an interesting parallel between Hungary and Ireland, and demanded that Ireland should take her stand on the Renunciation Act of 1783, and refuse to send members of Parliament to Westminster. Thus was initiated the Sinn Fein movement, meaning "We Ourselves," so called to indicate that it was based on a policy of national self-reliance. It demanded the restoration of government by the King, Lords and Commons of Ireland; and its aim was then in no sense republican. But the success of the National Parliamentary party in obtaining the introduction of a Home Rule Bill and other ameliorative measures prevented the new movement from attaining large proportions, and, at the outbreak of the war, John Redmond spoke for a virtually united people when he offered to England in a few touching and simple words Ireland's moral and material support. Ireland, in Sir Edward Grey's famous words, was "the one bright spot on the horizon of the Empire and of the world."

The generous nature of Redmond's offer was, however, unfortunately not recognised, and the opposition of Ulster was allowed to destroy a great opportunity that never recurred. Two years before, Sir Edward Carson, with the full support and encouragement of the English Conservative party, had formed a provisional government in that province to resist Home Rule. This government was

backed by a trained force of volunteers, fully armed. But the germ of revolution is infectious. The extreme element in nationalist Ireland, seizing this heaven-sent opportunity, called upon the young men of Ireland to join the Irish Volunteers, to "defend and uphold the rights and liberty of the whole Irish people." Redmond, like Grattan, tried to adapt this new instrument to his policy, but the English Liberal Government, at last perceiving the error of its ways, and reluctant to concede to nationalist Ireland what it had been afraid to deny to Ulster, proceeded to prohibit the importation of arms. When the Irish Volunteers, like their Ulster brothers, sought to import them a few days before the outbreak of war the attempt ended in bloodshed. The Liberal Government had attempted to appease Ulster by offering to exclude for six years from the Home Rule Act those Ulster counties which voted for exclusion. Redmond accepted this offer, but Carson refused, insisting that the exclusion should be permanent and should be applied to the whole of Ulster. A conference, summoned by the King to find a solution just before the outbreak of war, had led to a complete breakdown of negotiations.

At last the Home Rule Act was passed, on September 18, 1914, but its application was suspended until the termination of the war, and the British Government pledged itself not to coerce Ulster. Nationalist Ireland felt that it had sold its birthright for a mess of pottage. Nevertheless, two years after the war had begun, over 200,000 Irishmen were serving with the British forces on sea and land, in spite of malignant official ill-will and opposition. Faced with these events, the Irish people naturally relaxed their efforts, recruiting fell off, the anti-British spirit strengthened and became active. They had given freely and received nothing in return. Redmond, they felt, had been betrayed. The small extremist minority of the Volunteers, who had broken away from the main body when it accepted Redmond's policy at the beginning of the war, encouraged

by the Irish in America, entered into negotiations with the German Government and on Easter Monday, 1916, raised a rebellion in Dublin. It was not an Irish rebellion, but a rebellion of a small minority in Ireland. After military operations, in which much blood was shed and valuable property destroyed, the revolt was suppressed. The Irish people as a whole were at first surprised, alarmed, disgusted. Had the rebels been treated with indulgence, even sent home, they would have been covered with ridicule and ceased to count. Instead, sixteen were executed, and thousands imprisoned and deported. Almost overnight they became heroes, and the Irish republic they had proclaimed became for the first time a reality in Irish hearts. In one day all the suspicion and distrust which forty years of patient work had largely allayed were revived.

The British Government, seeking to repair its mistake, offered at last to put the Home Rule Act into immediate force on conditions which Redmond and Carson alike accepted, but the die-hard Conservative element in England refused to agree, the Government gave in, and the resentment of Ireland was accentuated. The failure of Mr. Lloyd George's Government in 1918 to implement the majority report of the Irish Convention, which recommended a modified form of Dominion Home Rule with safeguards for Ulster, increased this resentment. The Convention had, it seemed, served its purpose by shelving the Irish question till America was fully blooded in the war. The attempt to enforce conscription was the last straw. The people felt that constitutional agitation had failed. Once more they turned to extreme men and extreme measures.

Among the leaders of the 1916 rebellion was a young Irish American, Eamon de Valera, whose foreign origin had saved him from execution. Upon him devolved the leadership of the new revolutionary movement, which, at the general election of 1918, swept away the old Irish Parliamentary party. In 1917 it had already absorbed Griffith

and his Sinn Fein movement, which then adopted the republican formula and declared that "Sinn Fein aims at securing the international recognition of Ireland as an independent Irish republic," but, that being secured, "the Irish people may by referendum freely choose their own form of government." This strange formula was an attempt to reconcile the conflicting aims of Griffith and the doctrinaire republicans, which later came to an open clash over the Treaty. For three years the leaders of the new movement, by guerilla warfare and political agitation, which included abstention from Westminster, struggled to attain their ends. This struggle culminated and concluded in the Treaty of 1921. The Home Rule Act of 1920, a measure which, for the first time, permanently excluded Ulster from any future scheme of Irish self-government and set up subordinate parliaments for North and South, had been contemptuously rejected by nationalist Ireland.

There emerge from this rapid survey some salient facts which must be emphasised. Ireland is obviously in a unique position amongst the nations of the British Commonwealth. While it is the youngest member of that association, it is also its oldest nation, a mother country, not a colony. Unlike the Dominions proper, it has achieved its present position as the climax of a long and often bitter struggle for national freedom, complicated and intensified by religious persecution. The Irish Free State is the result of revolution rather than evolution. Geographically nearer to England than the other Dominions, in race and religion it is much further away.

The great majority of the Irish people have never been actively loyal to the British Crown; at the most they have only passively acquiesced in conditions they were powerless to change or prevent. But it is only right to point out that, in spite of Ireland's proximity, royal visits have been few and far between. The Irish people are strongly inclined to personal loyalty, and would have responded quickly to

proper treatment in this matter. Finally, whereas the political development of the other Dominions has been the result of an agreed British national policy, Ireland has been a pawn in the British party struggle, the victim by turns of cajolement and coercion. Northern Ireland, neither province nor nation, is the fruit of that unfortunate fact. The Treaty, as we shall now see, was the direct result of all these influences. It did not, unhappily, exorcise the demon of distrust, which is the real root of Anglo-Irish misunderstanding.

II. The Treaty and its Results

THE Treaty was a compromise, won by armed rebellion from Great Britain, and considered in Ireland preferable to a renewal of war. Like most treaties, it is an agreement which neither party can honourably repudiate as having been exacted by force, and one which it is morally and legally indefensible to ignore. During the preliminary negotiations Mr. de Valera had claimed the recognition of Ireland as an independent State associated with the British Commonwealth, and had finally agreed "to examine how the association of Ireland with the community of nations known as the British Empire could be reconciled with Irish national aspirations." This formula did not imply, on the part of England, a complete renunciation of its control, or, on the part of Ireland, an admission of allegiance. Unfortunately, it was capable of two interpretations. Mr. Lloyd George construed "the association of Ireland" with the Commonwealth as meaning "within" the Commonwealth, whereas Mr. de Valera was determined to accept only an external association, and, for him, "with" therefore meant outside the Commonwealth. This demand for external association (which really differs in no way from an ordinary international alliance) is still the basis of his policy. Apart from these fundamental differences, serious difficulties

arose during the negotiations concerning the oath of allegiance to the Crown and the position of Northern Ireland. After two months of negotiation the Treaty was signed, but not before Mr. Lloyd George had pointed out that the alternative was an immediate renewal of military operations in Ireland.

The Treaty provided that the new Irish Free State should have the same constitutional status as Canada, with the usual parliamentary form of government. The six north-eastern counties of Ulster, in which the Home Rule Act of 1920 had set up a subordinate parliament, were given the choice of contracting out, of which they immediately availed themselves. The transformation of "Dominion status" which the Treaty brought about was exemplified in three innovations: the conversion of convention into law, the use of a new form of parliamentary oath, and the incorporation of the settlement arrived at in the legal frame of a treaty. The oath prescribed by the Treaty was not the old unqualified oath of allegiance. It pledged allegiance only to the Constitution, under which the King derives his sole authority from the sovereign will of the Irish people. But, although the Treaty in effect constituted a recognition of Irish sovereignty, the State thus recognised had agreed under its terms to accept Dominion status. The settlement, in fact, followed closely the original policy of Sinn Fein, except for the exclusion of Northern Ireland. The British Government formally acknowledged the Irish demand for an undivided Ireland by agreeing that the Free State was to embrace the whole country, until Northern Ireland decided to exclude itself. The ink of the signatures to the Treaty was hardly dry when Mr. de Valera repudiated the action of the Irish representatives. Nevertheless, in spite of fierce opposition, the Treaty was finally approved by the Irish Parliament and the Irish electorate. Then came chaos and civil war, which left a permanent legacy of personal bitterness between the leaders involved.

The Treaty and its Results

The Cosgrave Government, which brought this struggle to a successful issue, remained in office until 1932, having in the meantime survived three general elections. From the very outset their policy in relation to the Commonwealth was definitely centrifugal. Ireland was clearly not a Dominion, as that term had been hitherto understood. The automatic transplantation of the Dominion form of government—which derived its strength from its very lack of precision, under quite different psychological, geographical and economic conditions—to a nationally self-conscious European people in close proximity to Great Britain, distrustful of its neighbour, and bent on strictly defining its position and asserting its rights, was bound to involve far-reaching consequences, both for the mutual relations of the two countries and for the Commonwealth as a whole. The monarchical framework of Dominion status was adopted, but it was subjected to so restrictive an interpretation as to nullify it in both form and substance. The Constitution of the new State was the first example of these tendencies; for it derived from the enactment "in the exercise of undoubted right"* of an Irish Constituent Assembly, which acknowledged "that all lawful authority comes from God to the people," and, whatever the value of this declaration, implicitly denied any other authority. Although its structural design was that of a limited monarchy, its tenour was essentially republican. A king, invested with the attributes of a constitutional monarch, was the head of the State, but he was king *et praeterea nihil*, in a system of government which "derived all authority from the people of Ireland."† A pronouncement of such theoretical character and revolutionary antecedents would clearly have found no place in the constituent Acts of the other British Dominions, which derived all their legal authority from the British Parliament.

The first article of the Constitution stated that the Irish Free State was "a co-equal member of the community of

* Preamble to the Constituent Act. † Article 2 of the Constitution.

nations forming the British Commonwealth of Nations," and this emphasis on distinct nationality dominated from the beginning the whole policy of the new Free State Government. It adopted at once a distinctive national flag, the green, white and orange tricolour of the abortive Irish republic, symbolising in its colours the eventual unity of Ireland, and a national anthem, "The Soldier's Song," which had been the inspiration of the republican army. Its postage stamps and coins ceased to bear the King's head, its stamps showing instead an inaccurate political map of an undivided Ireland, and its coins the fauna of the country. These things, small in themselves, were deeply significant.

More important developments were to follow. The Irish Free State Government insisted that the Governor-General should be appointed by the King on their exclusive advice, that they should have direct approach to the Crown, and be granted a Great Seal for their own use. The concession of this last claim was of fundamental importance; for it removed the power which the British Government had possessed of securing consideration of any proposed international action. The office of Governor-General was divested of all discretion, and restricted to those formal functions in which he acted merely as a symbolic embodiment of the general will. In all but name he became the merely titular head of an autonomous State with less power than any republican president. As regards the right of appeal to the Judicial Committee of the Privy Council, which the Constitution reserved, the Cosgrave Government insisted on its being reduced to cases where international issues were raised, and where this restriction was ignored they reversed the Committee's decisions by statute. They finally pressed for its complete abolition. Their designation of the Minister for Defence, instead of the King, as Commander-in-Chief of the Free State army is another instance of Irish insistence on the internal sovereignty of the Free State, an insistence still more

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THE ROUND TABLE

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forcibly emphasised in the phrasing of the military oath, which contains no reference to the Crown.

In the domain of external affairs the Cosgrave Administration were equally determined to enlarge Irish freedom. They appointed Ministers to Washington, Paris, Berlin and the Vatican. A papal nuncio in Dublin established for the first time official relations between Ireland and the Vatican, thus formally recognising a unique spiritual relationship. In signing the Optional Clause concerning the submission of international disputes to the Permanent Court of International Justice, and the General Act of 1928 for the pacific settlement of international disputes, the Free State made no reservation concerning disputes between members of the British Commonwealth, as had been done by Great Britain, the other Dominions and India. In February, 1929, during the King's illness, the Free State Government insisted that only the royal members among those authorised to sign on his behalf should act as signatories of the ratification of treaties and similar documents, because only they could be said directly to represent the King. Finally, as the result of the discussions at the Imperial Conference of 1926 and 1930, the Free State Government were largely responsible for the passing of the Statute of Westminster, which prevents the British Government from legislating for any Dominion without its consent. As a result, the constitutional powers of the Irish Free State are limited only by the Treaty of 1921.

Whilst the Cosgrave Government had been content to enlarge the freedom of the Free State by negotiation and mutual agreement with the British Government within the terms of the Treaty, Mr. de Valera's Government have altered the Treaty without negotiation and without regard to the international convention that documents of such a nature should only be altered bilaterally. Elected to office in 1932 on a programme which promised as its main features the abolition of the oath of allegiance and the retention of the land annuities paid by the Irish farmers to

the British Treasury in repayment of the loans raised to provide money for the purchase of their holdings, they promptly proceeded to put this policy into effect, and obtained an increased majority at a second election in January, 1933. Mr. de Valera coupled his republican train to the land annuity engine, with remarkable results. In spite of much opposition, his Government abolished the oath of allegiance, thereby committing a clear breach of the Treaty. They followed this up by abolishing the appeal to the Privy Council, and the last formal rights of the Governor-General to recommend the appropriation of money, and to withhold assent from or reserve Bills. In October, 1932, they forced Mr. McNeill, the Governor-General, who had publicly resented the insults to which they had subjected him, to relinquish his office, and appointed in his place an elderly country shopkeeper, who, installed in a suburban villa, refuses to take any part in public affairs. They have publicly stated that their next step will be to abolish the office of Governor-General—which, indeed, would be more honest. Short of declaring a republic, it is difficult to see what remains for them to do.

The financial dispute with Great Britain they have refused to submit to Commonwealth arbitration, but they are prepared to leave the issue to the Permanent Court of International Justice. If the Treaty of 1921 was an international instrument, as they contend, they are clearly within their rights in taking this attitude, and cannot, therefore, be deemed in default. But it is clear that this question is merely subsidiary, and an accommodation could easily be found by reasonable negotiators who were prepared to recognise the change that has taken place in the economic condition and relations of the two countries. The real problems lie elsewhere, and involve the future relations of Ireland as a whole to the British Commonwealth. If even an approach could be made to their solution, the financial dispute would soon be settled. It is only a symptom, and not the disease.

III. The Future

THE difficulties that must be surmounted if any settlement is to be arrived at are both political and psychological. The Irish people not only distrust English politicians from bitter experience, but, unlike the English people, are inclined not to stand resolutely behind their leaders in times of serious crisis, but to desert them for extremer men. The lives and deaths of O'Connell, Parnell, Redmond, Collins, Griffith and O'Higgins are eloquent reminders of this sad fact. "They will always pull down the noble stag," said Goethe of the Irish. The results of this tendency are apparent in the present position of Mr. de Valera. He demands a republic for all Ireland. He cannot ask for more, but he can only take less from England at his peril. He is, in fact, the prisoner of his own past. He either will not or cannot realise that the possible can be lost in striving for the impossible. Although he may talk vaguely about being willing to enter into a special relation with the States of the British Commonwealth in what might be described as a smaller League of Nations, pledged to co-operation on matters of agreed common concern, he is also careful to add that there can be no question of accepting the British Crown.* Such a relation would, of course, be only an ordinary international *entente*. The history of his past negotiations with the British Government proves that, whilst he is prepared to talk *ad nauseam*, he is not prepared to negotiate. To reason with him, as Mr. Lloyd George once remarked, is like pursuing a man on a merry-go-round. Any escape from the existing impasse by direct negotiation would, therefore, seem to be impossible while he remains in power; nor is it likely that his Government will be replaced by any other for some time to come. The opposition party in the

* Interview with Mr. F. Tuohy, *The Sphere*, September 1, 1934.

Free State is divided and seems to lack both an agreed policy and competent leadership.

Is there any other way of dealing with the situation? To answer this question one must first realise the nature of the Irish demand. In its essence it is exactly similar to Hitler's demand for equality in disarmament, and springs from the same sense of inferiority and grievance. It is quite true that the historic report of the Inter-Imperial Relations Committee of the Imperial Conference of 1926 stated that the Dominions "are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations," and that "every self-governing member of the Empire is now the master of its own destiny. In fact, if not always in form, it is subject to no compulsion whatever." But it would seem that the Free State cannot honourably secede from the Commonwealth unless Great Britain is prepared to waive its treaty rights.

Fourteen years ago the late Mr. Bonar Law stated publicly that if a Dominion chose to say: "We will no longer remain a portion of the British Empire," the British Government would not attempt to retain it by force.* In November, 1933, Mr. de Valera sent a communication to the British Government, inquiring whether Great Britain would adopt punitive measures in the event of the Free State's severing its connection with the Commonwealth. The British Government, unfortunately, refused to answer the question. But if they did not answer it then, that is no reason why it should not be answered now. A statement by the British Government in the terms used by Mr. Bonar Law should be the first step towards a settlement, and should not be delayed. Such a declaration should be accompanied by a statement of the natural consequences from an international point of view, and an intimation that

* House of Commons, March 30, 1920.

if the Free State decided, after due consideration, to leave the Commonwealth, Great Britain—though not admitting any formal right to secede—was prepared to waive her treaty rights and submit her financial claims to international arbitration. It would immediately clear the air and force Mr. de Valera's Government either to declare a republic for the Free State, or to confess that they did not intend to do so. Each of these choices would confront them with a dilemma; for to establish such a republic under existing conditions would be permanently to partition Ireland and eventually to compass their own political ruin, while not to establish it would be to confess that they have no intention of doing so. In either event—and this is the vital point—such a pronouncement would remove once and for all the Irish belief that Ireland is under external compulsion in the matter.

But such a step by itself would not be enough. Ireland's demand for recognition of her equality and independence is, as has been pointed out, a matter of national sentiment, potent and ineradicable, which cannot be ignored. It completely differentiates Ireland from the other Dominions, which have no corresponding claims, and no such historical background on which to base them. The partition of Ireland into two separate political entities, as the result of past English policy and present Irish intransigeance, has been and is the most spectacular and mischievous denial of this equality. Northern Ireland occupies a separate, peculiar and privileged position, which is utterly anomalous. It is neither nation, province nor state. Notwithstanding an appearance of autonomy, it is really a mere political satellite of Great Britain. Its taxes are collected by British officials, its judges are paid by the Treasury, a new valuation for purposes of taxation is at present being carried out by British valuers, it is garrisoned by British troops. The British Government has not only kept its social services from becoming bankrupt by granting large loans, but has also stipulated that legislation in these matters in

Northern Ireland shall be precisely the same as in Great Britain.

There can be little doubt that the setting up and maintenance of this separate, externally controlled administration for a portion of Ireland, in spite of the desires of at least one-third of the community involved, has been, and remains, the principal cause of the failure of the Irish Treaty. At present Northern Ireland gets the best of both sides of the bargain. It has its own parliament and administrative machinery, but they are heavily subsidised by Great Britain. This arrangement is obviously unfair to the Free State. One has only to picture what would have happened in South Africa if Great Britain had given similar privileged treatment to the English colony of Natal. Under such conditions is it not clear that the Union of South Africa would never have taken place, and that South Africa would not now be a contented member of the Commonwealth? Is it not clear also that in an Irish parliament containing representatives of all Ulster Mr. de Valera's party would never have obtained a majority? Partition has cut off, not only north-east Ulster from the Free State, but Ireland from the Commonwealth.

It therefore follows that the other necessary step in the re-establishment of satisfactory relations between Great Britain and Ireland is for the British Government to place Northern Ireland in the same political position as the Free State, and this should be done, if possible, simultaneously with the declaration referred to above. It involves the conferring of Dominion status on Northern Ireland, but does not mean either the abandonment or the coercion of Ulster. It should be coupled with a declaration that Great Britain will not permit, and will, if necessary, resist by force of arms, any attempt by the Irish Free State to interfere with or coerce Northern Ireland. In any event Mr. de Valera has repeatedly declared that his Government has no intention of using force to bring the six counties of Northern Ireland into a United Ireland.

It is obvious that such coercion would defeat his purpose, which is naturally to achieve moral as well as political unity. On this matter every responsible Irish Free State politician is agreed.

If Great Britain were to take these steps the results would be perhaps immediate, and eventually conclusive. On the one hand, the people of the Free State would no longer feel that they were under external compulsion, and their Government would be forced to negotiate a settlement of the financial dispute with England on business lines or by arbitration; on the other hand, the Government of Northern Ireland would be free, if they so desired, to negotiate with the Free State a new settlement of their future relations. Negotiations for a settlement of this kind, entered into between Irishmen alone, with the certain knowledge that Great Britain admitted the complete autonomy of Ireland, North and South, and would not interfere with any settlement arrived at, would not be likely to break down upon nice theoretical points. In such negotiations Mr. de Valera, or whoever were to represent the Free State, could make concessions to secure the unity of Ireland, which would be impossible in dealing with the British Government.

There remains to be considered the strategic implications involved in such a course. There is no doubt that a hostile Irish republic, even in the Free State area, if such were established, would be a serious menace to Great Britain in time of war. But does not every objection to such a situation apply equally to the existence of an unfriendly Free State—with this important difference, that an actively hostile Irish republic could be treated as an open enemy, whereas a passively hostile Free State would be a dangerous and secret foe? The truth is that most of the reasons, political, military and economic, that England had for opposing Irish independence have lost their value and their meaning in the new post-war world. Ireland, in any event, is not really a warlike

nation, and the Irish Government has no money to spend on armaments. Her people ask only to be allowed to live in peace. Mr. de Valera has himself stated that the Free State would guarantee to use its entire strength to frustrate any attempt to use its territory as a base for an attack upon Great Britain. Such a guarantee, given freely by an Irish Government, would be a more effective safeguard than the present state of affairs.

Finally, whether the above measures are taken or not, one step is urgently necessary, namely, the appointment to Dublin of a permanent representative of the United Kingdom Government, with the status, if not the title, of High Commissioner. He should not be a civil servant, but a man of public authority, political experience and diplomatic ability, who could be relied upon both to inform his Government about the state of Irish political opinion, and to seize every opportunity of improving relations between the two countries by care and tact. Such an appointment would go far to end the ignorance and misunderstanding, largely due to lack of contact and discussion, that at present characterise the dispute on both sides.

The only alternative to the actions here proposed is a continuance of the present futile policy of "beggar my neighbour," initiated by Mr. de Valera when he refused to pay the land annuities and abolished the oath of allegiance—a policy which can only lead to the economic exhaustion and permanent degradation of the Irish Free State, which is one of Great Britain's best customers. In the long run this will be nearly as harmful to Great Britain as to Ireland, for the real interests of the two countries are identical. As time goes on the two countries will drift further and further apart, until any reasonable settlement becomes impossible. A prompt solution is therefore imperative. England's cardinal error in dealing with Ireland has been delay. The remedy has always been applied too late. Can Great Britain for once anticipate the future and treat

the Irish people as potential friends? If she does not she will have to settle with them in more unfavourable circumstances before many years have passed. It is well to remember the wise advice once given by Lord Palmerston, and leave Ireland alone. The Irish people will then in all probability settle their differences by mutual accommodation in the only sensible way, a way which will eventually lead to natural and friendly relations, whatever their form, between Ireland and the Commonwealth.

Irish Free State.
November, 1934.

THE POLICY OF PIUS XI

IT is the aim of the following article to help readers of THE ROUND TABLE towards assessing a great and constant but still imponderable factor in the politics of modern Europe. In all the countries of Europe, as in those of the continents settled, ruled or evangelised from Europe, a high proportion of the population are Catholics, professing allegiance to the Pope as successor to Saint Peter and head of the universal Church. In some few countries, notably Scandinavia and Great Britain, the proportion is a small one, while in others, like France, the proportion of active, in contrast with nominal, Roman Catholics is not high. In other countries, like Germany, the Catholics are a third or more of the population, and there are a number of European States in whose constitutions, as in the written constitutions of most of the republics of Latin America, it is explicitly stated that the Holy Catholic religion is the religion of the State.

I. THE POPE AND THE POWERS

BUT whatever proportion the papal adherents bear to the rest of the population, the general characteristic is the same even in nominally Catholic States—namely, that the business of the Pope, seen in its largest terms, is to protect the religious rights of a minority, including the right of voluntary association for religious or charitable ends. The old distinction, so often urged in the nineteenth century, between politics and religion, and expressed in classic form in the constitution of the United States of

America, with its complete separation of Church and State, and in the demand of Cavour for a "free Church in a free State," has ceased to bear its former reasonable meaning with the emergence of the totalitarian State and the rise of socialist ideology. In this phase, the functions of the State have been steadily widened, and politics—in the sense of the old demand that "the Church should keep out of politics"—is a word now covering organised activities which reach, particularly in the fields of education and health services, to the core of personal life.

The machinery at the command of the Pope for negotiations with civil governments is simple, and strangely small in view of the magnitude of the business arising. Phrases are commonly used, like "Vatican policy," which suggest a large organisation, imbued with a strong corporate tradition, so that policy pursues its way, regardless of the personal character of the reigning Pope. In fact, the policy of the Pope is highly personal. He acts through a Secretary of State, one of the Cardinals, and the Secretary of State has with him two titular Archbishops, commonly younger men likely to rise to the Cardinalate—Benedict XV was one of them—and a number of archivists and clerks. But this organisation is no more than a secretariat, and is itself not the repository of any tradition. It is not comparable to a government office in Whitehall, which tenaciously lives its own life, whatever be the Government or Minister of the day. The office of Cardinal Secretary of State dates from some two hundred and fifty years ago—in fact, from the pontificate of that Pope Innocent XI who, in his long struggle with the Gallicanism of Louis XIV, welcomed the activities of William of Orange. The system of the Cardinal Nephews, dating from the Renaissance Popes, had provided each new Pope with a First Minister selected from his own family and deserving his confidence. To the large office thus evolved the Cardinal Secretaries of State succeeded, governing the Papal territories down to 1870 and conducting the business of the

Holy See with temporal rulers. The recent Secretaries of State, from the beginning of the century, have been Cardinals of great note, Rampolla, Merry del Val, Gasparri, but it was noted as an unusual tribute to Gasparri that Pius XI, on his election in 1922, continued him in office. A Secretary of State is the executant of the ideas of the Pope appointing him, and it is so personal a connection that at conclaves to elect a new Pope a past Secretary of State is looked upon as the embodiment of a particular past policy and method of approach; and the office has not proved a stepping-stone to the supreme position.

The ordinary and extraordinary Congregations (each under one or other of the resident, mainly Italian, Cardinals), bodies like the Holy Office, charged with the safeguarding of doctrine, Propaganda (which has added that important word to the common vocabulary), charged with foreign missions, and the Congregations which supervise the religious orders and the Uniate Eastern Churches, do not commonly receive the same personal direction from the Pope as does the Secretariat of State. The present Pope, although now not far short of eighty, is a man of vast industry who rises early and retires very late, and whose hand is felt in all departments of the Church, notably in the field of foreign, and particularly oriental, missions. But relations with foreign governments continue to be his special care. His first introduction to the world of high ecclesiastical policy was in this sphere, when he was selected by his predecessor Benedict XV to go as Nuncio to Poland in 1917. Before that, his life had been one of scholarship, first at the Ambrosian Library at Milan (like Mussolini, he comes from the countryside around Milan) and then under the patronage of Cardinal Ehrle in the Vatican Library, of which he became librarian. It was his success in Poland, in the eyes of those who did not measure success by general popularity, that led to his elevation in 1921 to the See of Milan as Cardinal Archbishop. The following year he was elected to succeed Benedict XV.

From the first he showed himself self-sufficient and reluctant to delegate responsible tasks. In the negotiations on the Roman question, which began tentatively in 1923, within a year of Mussolini's accession to power, and culminated in the Lateran Treaty* of 1929, Pius XI guided every stage of Gasparri's negotiations. When Gasparri, being then very old, retired on the consummation of that work, he was succeeded by the present Secretary of State, Cardinal Pacelli, a man with a long diplomatic experience who had been Papal Nuncio in Serbia in 1914, and in Germany during the war, and the channel through whom Pope Benedict XV had made his efforts for peace in 1917. How little essential his secretary is to the Pope was shown when Pacelli was made Papal Legate for the Eucharistic Congress at Buenos Ayres this summer. It was freely said in Rome that this high but titular honour was the prelude to the appointment of a new Secretary of State, and that the Pope was dissatisfied with the way Cardinal Pacelli had misread the character of the Nazi movement in Germany, a country about which his opinion naturally carried particular weight. Rumours of this sort are to be expected, and as a general rule to be discounted, where a single autocratic ruler keeps his own counsel and leaves people to conjecture as they please.

The Pope is represented at foreign Courts by his Nuncios, and as a general rule this representation is balanced by the presence of Ministers at the Vatican. Of the more important Powers, France, Germany, Italy, Spain, Jugoslavia, Poland, Brazil, Argentina, and a long list of smaller countries like Czecho-Slovakia, Hungary, Belgium, Portugal and, inside the British political system, the Irish Free State, have this reciprocal representation. Bolivia and Paraguay are alone in receiving Nuncios without sending Ministers. Great Britain and Monaco are the only countries that keep Ministers at the Vatican without receiving Nuncios. The United States has no official relations with the Pope.

* See The Round Table, No. 76, September 1929, p. 740.

The British Legation was established during the war and has been found so useful that it has been maintained ever since. Although both the Catholic Church and the British Commonwealth can each claim the huge population or membership total of between three and four hundred million people, only about twelve million people appear in both totals. The Commonwealth contains in French Canada, in Ireland and in Malta more than half of all the Catholics under the flag, and these three centres are strongholds of an intense and vital religion. Quebec in particular has been described as the greatest centre of clericalism in the world. It was largely with the idea of prevailing upon the Pope to exercise his authority over the Irish bishops, and so over the Irish priesthood, that the British Government established a Minister at Rome in the year following the 1916 rebellion. Malta has enjoyed self-government since 1921, but because religion is one of the subjects reserved to the Imperial Government the bad relations between the local Prime Minister, Lord Strickland, and the Church authorities involved the Imperial Government in the quarrel. The relations between Great Britain and the Vatican, however, are seldom concerned with any large issue, and run smoothly. The British Government gains by establishing such relations as make it natural and easy for advance information to be received about impending appointments to high ecclesiastical offices, particularly in British colonies with mixed populations, and much consideration is received as a matter of courtesy which could not be demanded or formally granted.

II. The Post-War Problem

THE Versailles settlement brought into existence a number of new governments in Europe. Alike in Germany after the fall of the Hohenzollerns, in resurrected Poland, and in the dismembered territories of old Austria-Hungary, these new governments were democratic in form

and rested, even where they included large racial minorities, on the principle, dominant then and since, of nationality. The position at once became difficult for the Papacy. Czecho-Slovakia, nearly all of whose fourteen million inhabitants are Roman Catholics, was the most striking instance of the rise to power of a set of men anti-clerical and yet anxious to use the Church as a bulwark of a newly created State, and to claim the continuance in their own persons of those privileges, in such matters as the appointment of bishops, which the Austrian Emperor had won and enjoyed in the course of the centuries. Only in Czecho-Slovakia was any real attempt made to bring about a schism. At one point a number of the Czecho-Slovak clergy joined together to demand that bishops should be elected by clergy and laity, and with government encouragement about four thousand priests were in 1919 more or less in revolt against the Holy See. There has always been in Czecho-Slovakia a strong Bohemian tradition of religious independence, a national pride in the memory of Huss. But the efforts to launch a national Church soon slowed down, and with the appointment in 1921 of Anton Stojan as Archbishop of Prague, in succession to the old nominee of Franz Joseph, there was a general return of disaffected priests. The Government had, and still has, a particular interest in seeing that the bishops and priests among the Slovaks, who are intensely *ancien régime*, shall be a force on the side of the Czecho-Slovak State.

On a larger scale the new kingdom of Yugoslavia presents an acute religio-racial problem. After the war the Croats in the north-west found themselves a minority in a new political unit which included the former territory of Serbia. They found themselves, from their point of view, in permanent dependence on a majority less civilised than themselves, largely Orthodox Greek in religion, and the tendency soon appeared for Croat priests to be the leaders, or at any rate the ardent supporters, of the movement for Croatian autonomy. A concordat was negotiated in 1928

between the Pope and the King of Yugoslavia, regulating and establishing the liberties of the Church in the new country. The policy in Yugoslavia has been the same as that now generally followed. There are great practical limits to the extent to which the central authority of the Church can make bishops and clergy moderate their strong national feeling, but the Church has so powerful an interest in establishing peaceful relations that the Pope has often incurred reproach from enthusiastic nationalists on the ground that he is curbing their legitimate political aspirations.

The two outstanding means of Catholic policy are the negotiation of concordats and the creation of Catholic political parties. Concordats go back in the long experience of the Church to the twelfth century. In the looser sense of agreements made with civil rulers on an equal negotiating basis they are older still. Viewed historically, concordats with kings have been the normal method of safeguarding the rights of the Church, while giving the king guarantees that those rights will not be obnoxiously used. Their Most Christian and Most Catholic Majesties generally secured for themselves greater control in nominating to bishoprics than did less avowedly devoted rulers. The most famous of all concordats, that which Napoleon negotiated with Consalvi in 1801, gave the civil ruler virtually complete control. Napoleon could obtain such terms, and could twist to his further advantage the actual clauses of agreement, because he was closing a period of acute persecution—persecution that was mainly due to the close identification, which the Popes of the eighteenth century had failed to prevent, of the Church with the French monarchy. Like so much else of Napoleon's work, the Napoleonic concordat remained through the nineteenth century as an example to later statesmen of what they might hope to secure for themselves. The right to nominate to bishoprics, which Napoleon had exercised so freely, is a cardinal point in Church government. On it turns the

character of the episcopate and the tone given to religious life. Later Governments in France, inheriting the concordat, always resented the attempts of the Pope to secure that it should rest with him who occupied the French sees, and that his veto, at any rate, should be a real one. To-day the French episcopate depends directly upon Rome, because the extreme anti-clerical legislation at the beginning of the century left to a hierarchy traditionally strong in nationalist feeling no alternative but to fall back upon the protection of the Holy See.

III. The Vatican and the Totalitarian State

THE clearance of monarchies in 1918 restored freedom to the Church over a wide area for the negotiation of fresh concordats. It was plainly unreasonable, as the Czechs were told, for the new State governments to expect to inherit the wholly exceptional prerogatives of the Hapsburg monarchs, the bearers of the traditions and honours of the Holy Roman Emperors. Similarly in Germany the departure of the Catholic monarchs and of the Hohenzollerns opened the way for a greater measure of freedom of action. But the same causes that had led to the disappearance of the old order brought new threats, and there began to appear, at first in Italy, then in Germany, a political philosophy making absolute claims for the State and not envisaging any place for activities other than State activities. The keypoint of contention in the concordats signed with Fascist Italy and Nazi Germany has been in each case the question of the right of Catholics to organise themselves in associations, not for worship, but for educational or cultural purposes, particularly in the Youth Associations. On the Continent young people are accustomed, in a way unfamiliar in this country, though not unknown here, to organise themselves in associations, partly for physical activities such as sports, drilling, games or hiking, and these organisations have a strong formative influence. To

Fascists and Nazis the *Wanderjahre* and student days are all-important. They will agree readily enough to religious teaching in infant schools, and as long as the schoolroom is a sort of glorified extension of the nursery; but they feel very differently about the prolongation of religious influence into adolescence, as dividing what they intend shall be an undivided loyalty, and as bringing Church authority to the fore at a time when youth should be learning its supreme duty to the State.

In Italy, the absence of any other religion than the Catholic, the national pride felt in the Papacy, the desire on both sides to achieve a satisfactory *modus vivendi*, have enabled the concordat to work fairly smoothly on a basis which permits Catholic association for specifically Catholic activities, but leaves the Fascist organisations as the normal channels for the exuberance and gregariousness of youth. The position is much more difficult in Germany. The Catholics form only a third of the German population, and do not give their colour to the State, whose centre of gravity remains in Prussia, the least Catholic part. The Nazi movement has gone to lengths of racial exaltation, in an attempt to fulfil the German craving for a background of theoretical explanation, which the most extreme Fascist writers have never paralleled. Thus Herr Rosenberg, the editor of the official Nazi paper, *Völkischer Beobachter*, issued a work called "The Myth of the Twentieth Century," glorifying the doctrine of blood and race, and declaring that "Nordic blood could represent that mystery through which the old sacrament could be transcended and conquered." This book was one of two works by prominent Nazis which were placed on the Index early last year as containing heretical doctrine. There were constant signs, like the whole campaign to tie the German State Protestant Church to the Nazi chariot, which made the Pope increasingly aware of special difficulties in the way of maintaining a concordat with the new régime.

The concordat, which was signed in July of last year, was agreed upon fairly easily between the Pope and Herr von Papen, who went to Rome as a Catholic to represent the Hitler Government, but the easy agreement was in fact soon found to be illusory. The concordat, like the earlier concordat made between Pacelli and the new German Republic, took over existing agreements with Prussia, Bavaria and Baden, and laid down that the Church should be self-governing and should enjoy complete liberty of worship. Ministers of religion were to be German, and the Government was to be consulted about major appointments, but would have no veto. The faculties of Catholic theology in the State universities were to be maintained. Article 32 laid down that priests would take no part in politics. It was this article, declaring merely that priests and members of religious orders shall not belong to political parties, which led to the later impression that the concordat included the abolition of the Centrum party.

The present year, which began with sermons by Cardinal Faulhaber, the Archbishop of Munich, denouncing the revival of pagan doctrines among Herr Hitler's followers, the attacks on the Old Testament and the persecution of the Jews, has continued to be filled with contention. Leaders of the Hitler youth movements, like Baldur von Schirach, resented the large allowance made for Catholic youth associations in the concordat, and in fact its terms were not observed. Catholic youths wearing distinctive badges or dresses were molested and clubbed. Article 31 of the concordat protected games and organised outings, and the compromise was suggested from the Nazi side that, provided the favourite German occupation of drilling was omitted, these other activities might be permitted. On June 29 of this year agreement was rather prematurely announced, on a basis that the Catholics gave up *Wehrsport* or semi-military exercises as well as plain athletics, and agreed to be organised by dioceses and not in large centralised bodies. This agreement was not ratified or accepted

by the German bishops, largely because, on the following day, two leading lay Catholics, Eric Claussner, President of the Catholic Action in the Berlin diocese, and Adolf Probst in Düsseldorf, were murdered in the shootings of June the thirtieth. On the most favourable interpretation, those murders showed that the responsible heads of the German Government could not control their party leaders.

When fresh overtures were made in September, and a letter from Cardinal Pacelli pressed for a definition of the concordat, the German Government undertook to control these party leaders, and Herr von Papen took the line that all the Catholic organisations which had been founded, as most of them had, at the time of Bismarck's *Kulturkampf* against the Church should narrow their scope—should cease, for example, to function as friendly societies, and should limit themselves to the scope of religious sodalities. Earlier in the year the *Osservatore Romano*, the official organ of the Pope and a primary source of information on the outlook of the Vatican, expressed approval of a plan for a Catholic radio station in Switzerland to broadcast to all German-speaking peoples. The addresses that Pius XI has made to the German bishops, approving the firm stand they took at their meeting at Fulda against the new paganism of State worship, and his allocutions to groups of young German pilgrims, have made it plain that he views the future in Germany with great misgiving.

The vitality shown by the German Protestants in resisting the attempt to absorb them in a German Christian Church which should be the religious expression of a new, at best semi-Christian, State is said in many quarters to meet the private inclinations of Herr Hitler, who laid it down in his work *Mein Kampf* that a politician must steer clear of religion and not attempt to be a religious leader as well. If the more extreme exponents of what is to be meant by a totalitarian State yield to more prudent counsels, religious strife can obviously and quite easily be avoided. All through this year the knowledge that voting next

January in the Saar, where the population is strongly Catholic, will be largely affected by the attitude of the new régime to the Catholic faith has strengthened the Pope's position.

A more permanent factor is the future of Austria. Austria, as it was left by the peace treaties, is a republic of some six million people, a third of them in Vienna, cut off from their past and without any very obvious future. The late Mgr. Seipel had large dreams for the future on a basis of reuniting the severed portions of the old Empire, with the Catholic religion as the great bond of unity. Since Seipel's death, two years ago, the position has grown rapidly more precarious, and the question has not been how, from a base in Austria, to extend agreements over a wider area, but how to preserve independence for the Austrians themselves, and how to maintain the integrity of a country which has been for so long invaded financially and culturally from across its small borders. The rise of the party of the late Dr. Dollfuss, resting on the Catholic peasantry outside Vienna in opposition to a materialistic Socialist party in Vienna itself, is a singular exception to the general rule that the Pope does not favour Catholic political parties. The bishops in Austria openly took the side of Dr. Dollfuss and his party, and their action, while thoroughly approved, led to exaggerated reports of the kind and amount of assistance that the Dollfuss régime was receiving from the Vatican.

IV. Catholic Action

IN general it may be said that where there is a national cause, as among the scattered minorities in many eastern European countries to-day, it is not practical politics for the Government in power to hope through agreement with the Pope to prevent priests, or even bishops, from siding with their own compatriots, and in villages priests will always be leaders. But apart from this, and in all cases where the line of division is not racial but political, the

initiative of a civil Government is not required to make the Pope discourage Catholic political parties.

The fate of Don Sturzo, the great priest leader of Popolarismo, who had begun the regeneration of Italy and its salvation from the discredited Masonic Liberal régime when Mussolini and the Fascists elbowed past him into power, was a sign, as early as 1923, of a policy that the Pope has consistently maintained ever since, Austria apart. Although the Centrum party, which had held the balance for so long in the German Reichstag and had made such great contributions to German public life in the very difficult days following 1918, was not explicitly disowned in the concordat of 1933, its disappearance has been passively accepted, and Dr. Brüning and Don Sturzo are curiously alike in their fates. Pius XI is never tired of repeating that the Church is above parties. Some parties, certainly the Communists, possibly the National Socialists, place themselves by their doctrines outside the possibility of Catholic assistance. Throughout Europe there are extreme Left parties avowedly hostile to revealed religion and deriving their inspiration from a materialist creed and their guidance from determined atheists in Moscow. The presence of communism, however, as a political reality means the organisation of opposition parties of a wide range of varying doctrines, but all compatible with Catholic teaching on the rights and duties attaching to human beings. The policy of Pius XI is a policy not of Catholic parties but of Catholic Action; that is, the organisation of Catholics on a non-political basis, in federative societies for charitable, cultural and apologetic works, so that they may act as a powerful leaven in the largely pagan society around them. The totalitarian State is something whose attitude in such matters as sterilisation has not yet been clarified.* If the time and the emergency

* In Germany, Catholic medical men are exempted by the State from *performing sterilisation*, and Catholics sentenced to undergo the operation may, as an alternative, reside in homes which undertake responsibility for them.

should call for it, the Centrum might rise again, but the Papal acquiescence in its liquidation was in line with the general attitude of acceptance towards all forms of government which promise to afford those minimum conditions in which the Church can live. The history of the recent past, notably in France, where the Church was too closely identified with one régime and where the Pope, Leo XIII, had himself to give a firm lead to encourage French Catholics to take their share in the public life of the Third Republic, is full of illustrations of the injury done to Catholicism if it is allowed to become a political label.

There is a further reason for the preoccupation of the present Pope with Catholic Action. The growing domination of pagan standards has widened the gulf between the Catholic and the other inhabitants of the countries of Europe. There is a much smaller common basis for action between him and them. Catholic Action in every country is envisaged as the activity of laymen in organisations under directors, ecclesiastical and lay, chosen by the bishops. Pius XI wrote recently to his successor as Archbishop of Milan, Cardinal Schuster: "Catholic Action must not launch itself into politics; no less surely its members must not be stopped from carrying out good public activities in a Christian and Catholic manner." There are, obviously, very wide fields in which Catholic activity for the public good can manifest itself alike in a totalitarian or in a parliamentary State.

The policy of Pius XI may perhaps be open to criticism as having too readily accepted at their face value the protestations of new régimes—for example, those of the Spanish Republic—and more than once hopes seem to have been rather easily indulged in and rather quickly disappointed. The policy has been one of accepting *de facto* governments, of discouraging as far as possible political organisation by Catholics on a religious basis, and of trusting to negotiated agreements for the safeguarding of the essential interests of the Church. But the insistence upon

Catholic Action shows that these interests are not construed in any narrow spirit, and extend beyond freedom of worship and of religious instruction, or more accurately of a religious atmosphere in the schools, to include the right of the fully grown Catholic to live out his religion in all its implications. Catholicism cannot be other than a social and missionary creed. The policy is one that seeks to keep the Church free from being involved in the mistakes and downfall of any particular régime, as it was involved with the old monarchies, so that, whatever may be the political outcome, the present comfort of the Church shall not have been bought at the expense of the future.

The same detachment may be observed in the action of the Pope outside Europe. It is an old saying that French anti-clericalism has never been for export, and that the French have always been keenly alive to the national prestige they derive from their pre-eminence as devoted missionaries. The most anti-clerical Governments have maintained the custom of making grants to these distant outposts of French culture. In Asia, in particular, the French have jealously valued the liturgical honours which the Church has paid to their representatives to mark the historic official position of France as the Protector of Latin Christianity. Even so hostile a statesman as M. Herriot has made efforts to maintain these privileges and to arrest the growing determination of the Pope to detach the Catholic cause from any special association with France. The liturgical honours have now been curtailed and made subject to local consent, and the appointment of Apostolic Delegates in Asia and Africa creates a new channel through which missionaries and nuns may treat with local authorities. The recent consecration, alike in China and in Africa, of natives as bishops, an act which the Pope invested with deliberate and particular significance, was a further step along the same path.

In an age of intense and often excessive nationalism, the Church, for all its memories of very different times,

readily meets national susceptibilities, as in giving guarantees not to appoint foreigners to high Church offices, and in extending this practice, as far as possible, to colonial possessions. It may perhaps be questioned whether this tendency is wholly for the good either of the Church or of the nations that have requested it. In the old days of monarchical Europe the jealousies of France and Spain and the Empire, each exerting influence and often vetoes at Rome, prevented for four hundred years the election of any but Italians to the Papal throne, and intensified the local Italian character of the central government of the Church. In the new age of democratic nationalism, an analogous pressure has the effect of minimising the universal character of the Church and of making it wear in each different country as national a costume as possible; thus its influence is weakened as a witness to European unity, although it remains the upholder of those moral values on which the common civilisation of Europe depends.

EMPIRE MIGRATION

MIGRATION is primarily an economic fact, caused by economic forces and in turn reacting upon them. The economic opportunities and hopes that attract the migrant, and the economic difficulties that drive him forth, vary according to the changing conditions of trade and industry throughout the world. For this reason, migration policy, if it is to be effective, cannot be considered as a thing apart, but must be subordinate to general economic policy. The fundamental question then has to be answered, is migration inherently desirable, and ought we, therefore, to design our economic policy with the aim of promoting it? So vital and far-reaching are the effects of migration in social and political life that the question cannot be answered solely or even mainly in economic terms. The problem for the British Commonwealth is one of the enrichment or impoverishment of its human resources, in which in the last resort reside both its wealth and its strength.

I. The Falling Birth-rate

THE most striking fact about those resources of men and women, considered as a whole, is the heavy concentration in these small islands, over against a sparse distribution in the outer regions of the Empire. It would be rash to jump to the conclusion that such a contrast is of necessity anomalous and unnatural—any more so, indeed, than is the existence of the sparsely inhabited Scottish highlands alongside teeming industrial England. Expert opinion, for instance, appears to be agreed that Australia, although more than fifty times the area of England and Wales, could only support a higher population than some twenty millions by dint of an urban concentra-

tion comparable with that of this country. But the contrast does at least suggest the *a-priori* assumption that a more even distribution of the inhabitants of the Commonwealth would add to their well-being and racial strength. Interchange of population is valuable in itself, since it invigorates the individual migrant and brings in new blood where otherwise the stock might stagnate and decline. This consideration applies, of course, equally to a movement of people from the newer countries back to Great Britain as to an opposite flow, which has been more normal in the past.

The decline of the birth-rate, not only in this country but in the Dominions also, is a serious cause of anxiety to those concerned for the future of the British peoples and of the international Commonwealth that they have established. The higher fertility of those peoples in the daughter countries of the Commonwealth thus provides another important reason for promoting emigration. In 1932, against a crude birth-rate of 15·3 per thousand in England and Wales, the birth-rates in Australia and New Zealand were respectively 17·0 and 17·1 per thousand. The European population of the Union of South Africa had a birth-rate of 24·3 per thousand, but the rate was considerably lower in Natal, which has the highest proportion of British stock among its inhabitants. The same consideration applies to Canada, whose birth-rate (22·4 per thousand) was inflated by the high fertility of the French-Canadian people, as well as of non-British immigrants; the rate in British Columbia was on a par with that of this country. To the Dominions, the maintenance of the British stock among their peoples is of great political importance; for the assimilation of other races has not always proved easy, and the superior political capacity of the British people, compared with the central and eastern European races upon whom they have drawn for immigrants in default of British settlers, has been often demonstrated. The French and Dutch peoples who form so large a proportion of the population of Canada and the Union have proved

their political qualities through many trials, but their parent countries no longer form a considerable source of emigration.

From the point of view of the individual, furthermore, emigration from Great Britain has this great advantage, that it takes people from cramped, urban surroundings and places them, at the worst, in smaller, newer cities where the open country is nearer and slums are rare. In those new lands, moreover, a social and economic ladder awaits the young and enterprising such as they could not find at home; unless humdrum contentment is to be reckoned the highest welfare of man, opportunity alone is a gain. And if emigration is in itself desirable, indeed if there is to be emigration at all, then for economic reasons alone migration within the Commonwealth must rank above migration to foreign countries. Every producer is also a potential purchaser, and the probabilities of mutual trade, to the profit of both parties, is highest within the Commonwealth.

Of course, a producer in Great Britain represents a far greater market for the products of this country than does even a producer in the Dominions—a fact which is sometimes forgotten by those who look upon migration as a solution of the unemployment problem. The frequently crude and short-sighted formulation of this latter view has done great injury to the cause of making the best of the Empire's human resources; for it has obscured the true considerations that should guide this country, and in the Dominions it has poisoned the public mind against British emigration, which has naturally but quite unjustly been labelled "pauper-shovelling."

Emigration is not a cure, and in present circumstances is not even a palliative, for unemployment. The proof of this contention falls into two parts. First, unemployment in Great Britain is not caused primarily, mainly, or even appreciably by over-population. It is caused by world-wide forces (economic depression and rapid technical

advance), together with special causes which affect a few large industries and which were aggravated before 1931 by monetary deflation. To make that assertion is not to deny that the general depression may have been made worse by an ill distribution of the world's population, but even this is only an uninvestigated and not very plausible possibility. And so long as unemployment remains a serious problem in immigrant as well as in emigrant countries, it is quite clear that migration cannot provide a cure for the depression in either.

The second part of the proof is an unavoidable "Irish bull." The so-called standing army of the unemployed does not exist, and its members are almost without exception unsuitable subjects for emigration. Out of an insured population of about 12½ million, some six million at a time of depression may claim unemployment benefit in the course of a year; many of these, of course, remain unemployed for only very brief intervals. Of the two million people unemployed at the end of December, 1933, only approximately 400,000 had been unemployed for a year or more. This at the heart of the depression. Many of the 400,000 have undoubtedly since found work, or have passed the age of 65. The extent and character of "hard-core unemployment" are further illustrated by a sample test, taken in February, 1931, which showed that nearly 600,000 men and women were "unsuitable for submission to an employer for a local vacancy without exceptional features." The great majority of them were handicapped by age or other physical defect. Two-thirds of the group were attached to industries with exceptionally high unemployment, in which the worker of less than normal capacity, once out of a job, would find it exceedingly difficult to get another. This analysis indicates that the only section of "hard-core unemployment" that would provide suitable material for migration is the class of young men and women in the "derelict areas," whence the tide of industry has receded, leaving young and old,

strong and weak, stranded without work or the hope of it, unless by moving to more favoured parts. The more favoured parts might, of course, be other regions of this country.

What measure of unemployment will remain as a permanent feature of our industrial life when trade is restored to a more prosperous level cannot be guessed with any certainty. But it is difficult to believe that in future decades relative over-population will play a critical part in the British labour market. In a few years' time, according to present trends, the population of Great Britain will have reached its maximum size, and by 1976 it will have fallen to less than 33 millions, compared with a present total of 45 millions. These forecasts make no allowance for emigration. If the net efflux of over 100,000 per annum, which was maintained in the decade before the slump of 1930, were renewed and continued for 40 years, the loss of population would be more than the crude total of four millions; for the men and women most likely to emigrate would be those who would reach the age of parenthood not long after their departure, and who would therefore deprive us not merely of themselves but of their sons and daughters.

Even more important than the total population figures are the proportions displayed by the different age-groups.* In 1931, the census year, which we may take as the basic norm, 24·2 per cent. of the population were aged 0 to 15 years; 46·9 per cent. were aged 15 to 45 years; 21·7 per cent. were aged 45 to 65 years; and the remaining 7·2 per cent. were 65 or over. Since the "wave" of children born just after the war is now passing from the school-group to the younger working-age group (with incidental effects on the monthly unemployment statistics) the proportion of the latter group to the whole population will rise for some years to come. In 1946 it will, according to

* See Appendix, and see also the article on "The Birth-rate and the British Commonwealth," in THE ROUND TABLE, No. 72, September, 1928, p. 777.

expert estimates, form 48·3 per cent. of the whole. But meanwhile the falling birth-rate and the lengthened average expectation of life* will have greatly altered the relative proportion of the other groups. No more than 17·3 per cent. of the population will then be under 15 years of age, while 24·1 per cent. will be aged 45 to 65, and 10·3 per cent. will be over 65. Thereafter the proportion—still more the actual number—of the younger working-age group will fall fairly steadily. The older working-age group, more or less constant in numbers, will increase in relation to the rest of the population, but not so rapidly as will the group of old people, whose numbers will actually go on increasing while the total population will be sharply declining. By 1976 the proportion will, it is reckoned, be as follows: children, 12·5 per cent.; younger working-age group, 36·6 per cent.; older working-age group, 33·4 per cent.; and old people, 17·5 per cent.

Obviously this drastic change in the composition of the population will profoundly affect the future of employment, wage levels, profits, international trade and other *economic phenomena. It is not easy to foresee what* secondary results those economic shifts may have in the field of migration, but the figures furnish certain specific clues for the solution of the migration problem, as it faces the United Kingdom Government. The young men and women of to-day will be the elderly men and women of thirty years hence. Children now unborn will then have come to manhood, and will form part of that group of younger workers which will be the economic mainstay of the country. These are the citizens whom we can least afford to lose. Henceforward, therefore, our policy should clearly not be directed to the migration of very young children. Those whom we can most easily spare (having regard only to the evidence of these figures) are the young men and women now between school-leaving age, or a little

* The crude death-rate might actually rise, on account of the higher average age of the population.

less, and 30 years; for by the time the big strain on the population structure is due they will have passed, or will soon be passing, into the upper age groups. On the other hand, in losing them we shall be losing their prospective children also, and children will be an even more precious asset when the population begins to fall than they are to-day. From the point of view of the Dominions this group would be welcome immigrants, since Great Britain would have borne the burden of their education and upkeep while they were non-producers, whereas their adopted country would have the benefit of their prime of life.

A more obvious conclusion emerging from the population statistics is that every effort should be made, if there is to be migration at all, to stimulate the migration of women. In 1931 females outnumbered males by 1,860,000 in Great Britain. In Canada, at the same date, there were 372,000 more males than females, in Australia 120,000 and in New Zealand 29,000. Thus an efflux of women from this country would be of definite social advantage to both parties.

It is somewhat strange that the recent report* of the Inter-Departmental Committee on Migration Policy mentions the prospective decline in the population of this country only to pooh-pooh the remark of the Committee on Empire Migration of the Economic Advisory Council† that,

> in view of the progressive decline in our birth-rate and the likelihood of a gradual readjustment of our industrial life to post-war conditions, it is hardly likely that large-scale migration would be economically advantageous to us as a long-run policy.

The inter-departmental committee defend their faith in the renewal of migration to oversea parts of the Empire on a scale of 150,000 to 250,000 a year by referring to "the magnitude of the fluctuations in the world economic position which have taken place since the Economic Advisory Council's Committee reported," and to "the movement, hardly yet begun, towards industrial and agri-

* Cmd. 4689, August, 1934. † Cmd. 4075, July, 1931.

cultural co-operation between the different units of the Empire." It is difficult to follow the committee's mind on this point, unless they were seized with pessimism about the future of British industry. If the latter is going to be prosperous, whether through empire economic co-operation or otherwise, it may be ill able to afford a defection of its best labour-power on so portentous a scale.

II. The Development of the Dominions

IT seems likely, therefore, that if the size of the population declines, as the statisticians predict, and its age-structure accordingly changes, the attractive forces drawing migrants to the Dominions will have to be more powerful than in the past, when they were assisted by a rising population at home.* The economic impulse causing migration depends on the relation between conditions in two groups of countries, that is to say, on the existence of an economic differential in favour of the immigrant areas. The individual migrant sets out in the hope of "bettering himself," and if, on the whole, such hopes were disappointed emigration would soon cease. By far the great majority of emigrants from this country to the Dominions—even since the British Government began to take a large financial interest in migration—have gone without any aid from the State whatever beyond its blessing, and, in some cases, a subsidised rate of passage.† It is, of course, impossible to distinguish social from purely economic motives in the emigrant's decision. In earlier times many migrants were inspired more by their religious and social disabilities than by their economic want. Others have preferred poverty on their own piece of land to prosperity as another

* It may be important to note that the case is very different in the other great "mother country" of the Empire, Ireland; for the birth-rate in the Irish Free State, though falling, is much higher than in Great Britain, and the increase of her population can no longer find a sufficient outlet in the United States.

† See Appendix.

man's tenant or servant. Many have sought opportunities for their children rather than advancement for themselves. The fever of speculation, the chance of a fortune at the risk of penury, has also been a powerful lure, especially to gold-bearing lands. Nevertheless, the mainspring of migration has been the higher level of economic opportunity in the newer compared with the older countries.

In order to foretell whether that economic differential is likely to endure we must first enquire how it came about. It arose, initially, out of the existence of unexploited natural resources in the newly opened territories. But the potentialities of primary production were not by themselves enough to establish the economic differential, nor did land and mining remain for long the only attractive forces in the newer countries. The exploitation of the newly opened lands was profitable because the Old World was passing through a period of rapid industrial advance, in which cultivation was being forsaken for manufacture, and a growing surplus of wealth was made available to buy the products of the new countries. The latter needed men because they were assured of markets.

Meanwhile, pools of secondary industries and trades were forming in the new countries themselves. The Dominions had ports before they had populated hinterlands, and their countryside begat its own towns. In the towns, industries began—the preparation of foodstuffs and drink, the processing of the natural products of the country. The land, prosperous because of the surplus wealth of urban populations elsewhere, acquired surplus means of its own out of which it could support an urban population in its midst. Then, as industrial ambition frothed, protective tariffs were raised to aid and multiply the local secondary industries. Other things being equal, this hindrance to the Dominions' imports would have correspondingly handicapped their exports, and thus have undone its own purpose by impoverishing the land, which could then no longer have supported as great a burden of towns. But

the balance was adjusted by the invisible items in their trade accounts. The loans that were floated in Great Britain served in the first place chiefly to enrich the towns of the Dominions, while the interest paid on earlier loans furnished the creditor countries with purchasing power to buy the products of the land.

In this new phase of their economic development, the magnetic force attracting population to the Dominions shifted. The rapidly expanding towns drew men and women both from the land already opened up, where their place was filled by fresh immigrants, and directly from the emigrant countries. Emigration, no longer a peopling of virgin lands, took the shape of recruitment for the general economic progress of the Dominions, where before long the urban population actually came to exceed the rural. Probably not more than one-third, and possibly many fewer, of the migrants from the United Kingdom during the decade 1922–31 went on the land, and many of those who did originally go on the land left it within a short time.*

In Australia, between the censuses of 1921 and 1933, the urban population increased by 862,000 and the rural population by 344,000. The natural increase of the population had been 893,000, of which some 330,000 may be ascribed to the rural areas. The excess of immigrants over emigrants had been 301,000 (the discrepancy in the totals being due to a change in the number of migrants in transit). The number of immigrants, less emigrants, classified as primary producers appears to have been about 54 per cent. of the total. A few of those classified under other heads may have been bound for rural areas, but it seems reasonable to estimate that approximately 170,000 of the net immigration in the intercensal period represented an immediate addition to the country population, wherever the newcomers may have settled eventually. If these calculations are correct, the increase of 862,000

* Cmd. 4689, p. 28.

in the population of the Australian towns was made up as to 563,000 by natural increase of the already urban inhabitants, as to 130,000 by new immigrants, and as to approximately 170,000 by an influx from the country to the towns. Had it not been for this concurrent drift to the towns the countryside would apparently have offered little or no opportunity for new immigrants. So much for " peopling the vast open spaces of the Empire."

The Canadian records tell the same story in even more striking terms. Between the censuses of 1921 and 1931 the urban population increased by 1,220,000, and the rural population by 369,000. Out of the total natural increase of 1,369,000, some 660,000 may be attributed to the rural population. In the same period the gross number of immigrants was 1,294,000, of whom 592,000 were classified as farmers, farm labourers, or miners, together with their dependents. Thus, on the assumption that this group was approximately equal in numbers to those who settled at first in rural areas, the following picture emerges:—

Canada, 1921–31

	Rural Population	Urban Population
Gross increase		
By excess births	660,000	709,000
By immigration	592,000	702,000
Total	1,252,000	1,411,000
Net increase	369,000	1,220,000
Net efflux	883,000	191,000

Most of the 1,074,000 people who appear from these figures to have left the Dominion migrated to the United States. But it is unlikely that many of them took up rural pursuits there, for during this period the agricultural population of the United States was actually declining.

Two complementary reasons may be given for this change in the character of migration and of the attractive force directing it. First, the application of scientific and mechanical technique to the land was enabling it to

produce far more than before with the same expenditure of labour. Second, the demand for agricultural products by the older countries was losing its former elasticity. The excessive heights to which industrial tariffs had been pushed in some of the primary producing countries undoubtedly contributed to this stagnation of demand, both directly, by curtailing purchasing power, and indirectly, by causing the importing countries, faced with unemployment and rural poverty at the same time, to subsidise or otherwise protect their home agricultural industries. Since the onset of the slump the exploitation of natural resources (except gold) has entirely lost its attractive power, in spite of the counter-pressure of urban distress. From 1931 to 1933 inclusive, the number of emigrants from the United Kingdom was 118,747 less than the number of re-migrants, many of whom had been on the land in the countries from which they returned. In 1931, for instance, the number of primary producers permanently leaving Australia was very nearly double the number of primary producers arriving.

Is this a permanent condition, or when trade and industry have returned to more normal levels will primary production in the Dominions once more need an expanding labour force, drawn in large part from the Mother Country? The answer, which is one of the keys to future migration policy, is summed up in a single word—markets. The Inter-Departmental Committee on Migration Policy declared that the first criterion to be applied to every scheme of migration of every kind, except schemes of subsistence settlement, should be the question whether there exists "a reasonably secure and available market for a considerable proportion of the migrant's labour."

There must be a reasonable prospect that over a period of time the world demand for the commodities which the settler produces will be adequate to absorb the additional production arising from the settler's labour at a price which will enable him to cover the cost of production, and in addition to finance his living and working ex-

penses, interest on and redemption of capital, and also his necessary "imports" from outside his own country.

At the present moment, so far as agricultural production, at any rate, is concerned, this condition is not satisfied. . . .

Whereas in the past supply, generally speaking, has always lagged behind demand, it is now clear that it is possible so rapidly and so greatly to increase the supply of almost any commodity that there will be a constant prospect of supply overtaking demand. Not only therefore must we look for a lag, which may well last for some considerable period, in the recovery of migration behind the recovery from economic depression, but it may well be that increased demand, when it arises, will not rapidly create conditions so favourable to migration, particularly for settlement on the land, as were created by the steady increase in the world demand for commodities during the latter half of the nineteenth and the early part of the twentieth century.

Bearing these considerations in mind, it would appear to follow that the United Kingdom Government can give no greater or more direct stimulus to migration than by assisting to create increased markets in this country or elsewhere for the Dominion producer, and thereby breaking the vicious circle by which low returns to the producer and low purchasing power in this country result from and are caused by one another.

In short, it is Mr. Elliot who has in his hands the future of emigration to the primary producing areas of the Dominions.

We must not, of course, relapse into the fallacy that even before the slump the opportunities of the land were the prime force of suction drawing migrants into the Dominions. Those opportunities, as we have seen, at the most took care of the natural increase of the existing rural population. If, in spite of that fact, no less than 1,319,206 emigrants left the United Kingdom for other parts of the Commonwealth in the decade ended 1929, exceeding the corresponding return movement by 847,580, why should such stress be laid on the markets for agricultural produce? May not as great a flow of migrants take place in the future, even though none of them go to cultivate the land? Admittedly, the cities and towns of the Dominions, with their trades and industries, form the inner node of suction. But their prosperity depends on the prosperity of the countryside, which for a long time to come must remain

the prime mover of spending power in the urban areas of the Dominions. By dint of still higher and wider protective tariffs, the towns might grind out of the countryside a greater share of the national income; but are we really to found our hopes for Empire migration on the reinforcement of Dominion tariffs? Who would gain by the revolution of such a crazy circle? Not the Dominions, whose people would be carrying the burden of high-cost industries. Not this country, which would have lost not only markets but man-power besides. If, as we wish, the Dominions are to maintain the prosperity of their secondary industries without blocking the markets for ours, either we must lend them more and more capital or we must buy more of their primary produce.

III. Smoothing the Way

THESE considerations show that the chances of the future are against any great tide of migration from this country to the Dominions. But no one can foretell the future with assurance. The birth-rate in the United Kingdom, instead of falling, may rise again, especially as the pressure of population upon the available house room is relaxed. The pursuit of economic nationalism, which has checked the development of primary resources in the Dominions, may be reversed. Popular ideals of human life may veer from material wealth to the deeper joys of a simple existence on the land. On the one hand, migration policy cannot fly in the face of economic and social facts. If the economic impulse is lacking, the artificial promotion of migration is bound to be as disappointing in results as it will be expensive in administration. On the other hand, migration policy must be based on long-term considerations, and must be ready to take advantage of whatever economic wind may blow. If the economic impulse does arise, then the inherent desirability of an interchange of population within the

Empire requires that migration should encounter as few hindrances as possible.

In this light, the recommendations of the inter-departmental committee are thoroughly sound in principle. The United Kingdom Government, runs their report, should assist migration only when conditions are favourable to satisfactory settlement, and when Dominion Governments are prepared to receive new migrants, and to join in the arrangements necessary to give them a real prospect of success. The financial burden of any assistance should be equitably shared between the United Kingdom and the Dominions. Save in most exceptional circumstances, the United Kingdom should discontinue the policy of providing capital for land settlement, whether by direct advances to migrants or by a guarantee of capital and interest, and no special assistance should be given by the United Kingdom to schemes for group settlement. This, the central recommendation of the report, is based on the recognition that the successful emigrant must have, above all things, a sense of independence, of standing or falling by his own efforts, and of being a citizen of the country of his adoption. The committee doubt, moreover :—

> whether a policy of directing incoming migrants to the land to the exclusion of other occupations can be justified either on economic or on sociological grounds. In so far as the vacant spaces of the Empire can be economically filled at all in the near future, we believe that it would be wiser that they should be filled by those, whether newly arrived migrants or not, who can find their greatest satisfaction in agricultural employment, rather than by those who accept the obligation to work on the land because they can be enabled to migrate on no other condition.
>
> . . . There is unlikely to arise in the near future any substantial demand for the extension of the acreage devoted to primary production. When such a demand does arise, it will, we think, be more easily and economically met by the marginal expansion of existing communities than by the settlement of large new areas.

The positive proposals of the committee are largely concerned with the question of subsidised passages. They

remark that considerable numbers of persons who would make admirable settlers and who might desire to migrate might be prevented from doing so by inability to find their passage money. Hence the familiar system of the £10 rate to Canada, which operated from 1929 to 1931, should be revived and extended. The general reduced rate should, if possible, be an inclusive rate to the final place of settlement, the rates suggested being £10, £12 and £14 to the eastern, middle and western areas of Canada, and £17 10s. to Australia or New Zealand. The cost should not be borne by the United Kingdom Government alone, but should be equitably shared between the Governments and/or public or private organisations concerned; in no case should the share of the United Kingdom Government exceed 50 per cent.

Apart from those who can profit from such a system, openings will be available overseas for a number of suitable people who will not be able to provide even the cost of the general reduced passage rates out of their own pocket. For them schemes of assisted passages will be necessary. The most important and, in the committee's opinion, the most successful of such schemes is that whereby assisted passages are granted to persons or families desiring to migrate from the United Kingdom, who are nominated by friends or relatives in the Dominions concerned, the nominator undertaking to be responsible, for a stated period, for obtaining suitable accommodation and satisfactory employment for the nominees. Every endeavour, they therefore recommend, should be made to encourage the nomination system and to arrange with the Canadian Government for its extension to all categories of migrants. Specially favourable nominated rates should be provided for families, single women and juveniles, and free passages should be provided for children. The committee definitely recommend that any general reduced passage rate should be withdrawn if and when conditions become adverse to successful migration.

The easing of the cost of migration to the migrant does not create an unnatural economic dis it merely mitigates an economic friction. No mo population will take place unless there exists an differential, or other motive force, sufficient to the obstacles to transfer other than the ocean cannot foretell whether such an economic differ exist in the future between Great Britain Dominions, though reasons have been given for that if it does exist the underlying causes will be from those which produced the great streams of in earlier periods. On the one hand, the populati country, instead of increasing, will be actuall unless the present trends of the vital statistics ar and it will be falling most rapidly in those a which supply both the likeliest material for migr the best labour power for our own industry. On hand, on the evidence of the decade before the sl immediate attractive force in the Dominions wil not in the emptiness of the land, but in the fulln towns.

This is not to say that we must throw up our l consign the migration problem to forgetfulness. function of United Kingdom and Dominion Gov in regard to migration is to co-operate in prom prosperity of the Commonwealth as a whole, esp liberating trade between its different members. I ing prosperity should create conditions under whi tion on a considerable scale is possible, then it beco second function to ease the economic frictions in foreseeing those contingencies, like the chang structure of the population, which the migrants th cannot take into account. Above all, it is their view their several problems of population and n not from a narrow national standpoint, but in a s the wider welfare of that great community o nations to which they belong.

APPENDIX

I. United Kingdom: Migrants of British Nationality, 1920–33

(in thousands)

	Canada		Australia and New Zealand		Other Parts of British Empire	
	To	From	To	From	To	From
1920 ..	119	24	44	15	36	24
1921 ..	68	21	39	10	30	21
1922 ..	46	16	51	11	21	23
1923 .	88	12	49	11	19	21
1924 ..	63	16	50	11	20	21
1925 ..	39	14	47	10	20	19
1926 ..	50	10	61	10	22	19
1927 ..	53	13	49	11	21	19
1928 ..	55	16	34	11	21	19
1929 ..	65	12	23	12	18	19
1930 ..	31	16	12	16	16	20
1931 ..	8	18	7	15	13	20
1932 ..	3	21	6	11	12	22
1933 ..	2	16	5	9	13	20
Totals* ..	689	226	478	162	282	287

	British Empire		Foreign Countries		All Countries	
	To	From	To	From	To	From
1920 .	199	64	87	22	285	86
1921 ..	137	53	63	19	199	71
1922 ..	118	50	56	18	174	68
1923 ..	157	44	99	13	256	58
1924 ..	132	47	23	17	155	64
1925 ..	105	42	35	14	141	56
1926 ..	132	39	34	12	167	51
1927 ..	123	42	31	14	154	56
1928 .	109	46	28	13	137	59
1929 ..	107	44	37	12	144	56
1930 ..	59	51	33	15	92	66
1931 ..	27	53	7	18	34	71
1932 ..	21	54	6	21	27	76
1933 ..	21	45	5	15	26	59
Totals* ..	1,447	675	544	223	1,991	898

* Slight apparent discrepancies in the addition are due to approximations to the nearest thousand.

II. Migrants of British Nationality to Canada
New Zealand, 1922–31

	Canada	Australia	N Ze
Paying own passages	311,200	126,093	4
£10 rate (1929–31) ..	58,248	—	
Assisted under Act*:			
Nominees	44,826	113,575	3
Group settlers, or under land settlement schemes ..	21,145	9,125	
Others	61,876	49,449	
Totals	497,295	298,242	84

III. Future Population of Great Bri

(in thousands)

Ages —		1931	1936	1946	1956
0–15	.	10,841	10,067	7,611	5,918
15–45	..	21,053	21,356	21,221	18,694
45–65		9,730	10,081	10,550	11,688
65+	..	3,210	3,640	4,508	4,894
Total	..	44,834	45,144	43,890	41,194

* Empire Settlement Act, 1922.

† From an article by Dr Grace G Leybourne in the S
for April, 1934 It is assumed for purposes of the estimat
migration movements will take place; (b) that mortality
much as at present; (c) that the amount of marriage will c
lines; (d) that the fertility of child-bearing women as a
until 1944 and will then become stabilised.

MEN AND MONUMENTS IN MOSCOW

I

COBBLED streets, battered pavements, row on row of brick buildings—unpainted, as white as chalk, as yellow as wax, rarely any other colour, with so many tin roofs, dull red or dull grey, hanging over them like loose and clumsy garments.

My first glimpse of Moscow after a long absence was disenchanting. Again and again I strolled up and down the main avenues, and everywhere it was the same—monotony and glumness. I sauntered into the side streets, and here the scene was still more tawdry—battered pavements with the bare earth gaping through the cobbles like patches of skin through a tattered dress; block on block of one-story brick houses drooping into the ground, and log huts with small windows and wooden shutters as in a pioneer village; courtyards with dilapidated wooden gateways and shattered wooden fences; every house with rain pipes protruding like swollen veins; now and then a yard with a garden patch, an open well, a heap of refuse, a hen with a brood of chickens chirping and scratching round. In the very heart of the Chinese walls, in the courtyard of a famous cathedral, there were washing lines propped on long poles and flapping with coarse garments.

Nor did the people outwardly present a more festive appearance. Anything but that. On the Red Square a peasant in bark sandals and a dangling home-spun cloak was leading an ox; along the river front, in the shadow of the Kremlin, peasants were hauling hay—a caravan of

carts with the funniest hay loads I had ever seen, little and wobbly, and bulged out in the middle like bloated bellies, then tapering upward like the breasts of trussed fowls; at the railway stations were crowds of peasants, cumbered with mountainous bundles, wooden boxes, or wicker trunks, or spread out with their wives, their children and their household effects on the floors of waiting rooms; along the Moscow river, women with skirts lifted above their knees, doing the family washing, and mothers on park benches, on doorsteps, at open windows in their lodgings, suckling infants at bare, heavy breasts.

It was all so primitive, so prosaic, so undisguised. Nowhere a vestige of style, a glimmer of elegance, a trace of reserve. So many men with unshaved heads, so many women without hats, most of them in red kerchiefs; men in blouses, in coats, without coats, with shirts buttoned or unbuttoned, in boots, in rubber shoes, with trousers rounded out like drainpipes, without a hint of a crease, bareheaded or in dull-coloured caps; women in short dresses—cottons, woollens, seldom silks or satins—bare *legged or in coarse stockings, in low shoes, in sandals, in* bedroom slippers; few men clean-shaven, few women with make-up; and everywhere queues and queues, long and serried, mostly of women and children, with little sacks or straw woven baskets, waiting and waiting, not minutes but hours on hours, late into the night, to buy bread, to buy potatoes, to buy milk, to buy vodka, to buy tobacco, to buy anything.

I was disappointed. Moscow was not at all as I had imagined. Such an unshapely city, such clumsy architecture, such ugly streets, such bedraggled people, looking as though they never doffed their working clothes. Such a monotony of colour, such an absence of grandeur. Not a metropolis at all but a slovenly village with a smear of urbanity, with nowhere on the main streets a suggestion of the luxury that flows so bountifully up and down Fifth Avenue, Bond Street, the Champs Elysées. Even the

historic forty times forty churches, once aglow with splendour, were now dulled and darkened like bright skies overcast by clouds. Compared with Vienna, London, Paris, with their blazing lights, their gleaming pavements, their tumultuous traffic, their voluptuous night life, their gay shops, their splash of colour, Moscow was abysmally primitive, as primitive as the springless peasant cart with wooden axles beside the modern motor car, or the muzhik in bark sandals, sheepskin cloak and homespun shirt, beside the dandy in morning coat and silk hat.

Now and then at the rear of a yard there loomed an old mansion, the home of a former merchant or nobleman, built in sumptuous style, with some of the old decorativeness, like the colour on a dying man's face, lingering on doors, windows, roofs. But only now and then.

Of course there was the Kremlin with its triangular brick walls, its lofty brick towers, its clusters of churches with green and gilded domes, its network of palaces rising high and white above the city like a proud ruler overlooking a far-stretching domain. The Kremlin was superb. Here was grace. Here was colour. Here was opulence. Here was majesty. Here were Byzantium, Tartary, Rome, blended into one, a spectacle, a pageant, a legend. But the Kremlin—like St. Basil's facing it with its riotous ornateness, the one church in the country whose splendour is untarnished and which like the Kremlin itself is treated as sacrosanct, good for all ages and all people—seemed like an alien possession, sundered from the surrounding city not only by its high walls, its forbidding gateways, its armed sentries, but also by its barbaric lustre and its magnificent comfort. It seemed as aloof, as austere, as unapproachable as the rulers who had built it and had lived in it. No, the Kremlin was not Moscow and Moscow was not the Kremlin.

Only when I looked up at the skies did I feel a quickening of the blood. I had never seen skies so enchanting. I remembered the magnificent skies in the American prairie

country—but how different they were, with their fixed colouring and form. Even on a bright day the skies of Moscow were not that vast dome of fleckless blue, as immobile as the fields below and as ominous as the drought they presaged. These were moody skies, changing constantly and rapidly in shape, colour, movement. Always there were clouds adrift, huge clouds, little clouds, dark clouds, bright clouds, soft as feathers, hard as granite, creeping along slowly like an invalid or an overloaded vehicle, or gliding on swiftly like a slim ship in a still sea, now winding about like a stream, now towering like a range of mountains, now grouped together like haystacks in a meadow, now spread out like immense snowdrifts agleam with sunlight. I had never seen such gay and such changing clouds, such gay and such changing skies. There was in them the verve and glamour of youth. And they were such vast skies. No skyscrapers to partition them. No fogs to obscure them. No smoke to disfigure them. Moscow might be a bedraggled city with a monotony of line and colour, but her skies were the most luminous and the liveliest I had ever seen.

Then came the discovery of a Moscow that had nothing to do with cobbled streets, gross architecture, ugly tin roofs, or even the magnificent Kremlin and the resplendent skies.

"Pardon me, citizen," said the young chambermaid in my hotel, unfolding before me a combination suit, "What sort of a garment is this?" She was so charmingly informal, so gently naïve.

"Underwear. Why?"

"A man's or a woman's?"

"My own."

She hurried out of the room rocking with laughter.

"*Tovarishtsh* (comrade)," said a woman, stopping me on the Mohovaya, a leading street in Moscow, "may I?"

She was pleasant and self-possessed, and though I had never seen her before she addressed me like an old

acquaintance. Hardly waiting for a reply, she stuck a cigarette in her mouth, raised the one I held in my hand to hers and lit it. Then, bowing in appreciation and mumbling "*spasibo*" (thank you), she passed on.

To her it was, no doubt, a trifling incident, as much a part of the routine of living as buying a newspaper or answering the telephone. But to me it was a revelation and a challenge. I had seen Russian women smoking in the streets with no more self-consciousness than men. I had had men stop me for a light—Muscovites are always match-poor. But this was the first time a woman had done so. She was curt, informal, polite. There was of course nothing reprehensible in her act, nothing to rouse wonder or dismay. I had read enough about Russian women—I remembered Kropotkin's description of Sofya Perovskaya at the secret meeting of revolutionaries—to have expected just such unawareness of sex distinction. Yet now that I was face to face with it in a form new to me, it struck me as odd. Why I did not know, except that I had never known women anywhere else act like that.

II

"CITIZEN, citizen, aye citizen," I heard someone shouting in a rising crescendo as I was crossing the Kamenny Bridge. I turned and saw a peasant with a sack on his back waving at me. He hurried over and pantingly said:

"My dear *tovarishtsh*, maybe you can spare a bit of snuff?"

Surprised and amused at this odd request, I replied that I did not take snuff.

"No?" The peasant was grievously disappointed. "Maybe you have a friend in the city who can spare just a little bit of it, a few pinches?"

"Sorry, but I don't know anybody in town who takes snuff."

"You don't? Ah!" And he shook his head in grief

and sighed again and again. "And I thought on s
a foreigner, in such nice clothes, coming from a l
they have everything, that you would surely h
Ah!" And again he sighed and shook his head
a calamity, what a calamity! . . . The
knows what is going to happen to us dirty m
maybe even the devil does not know. I am ni
years of age, will be seventy a week from the f
next Trinity, and all my life I have been takin
my life, my dear, and under the Czar I could
it, on my word I could, and now in our vi
they have nothing but a few rusty nails and l
chimney lamps and no snuff, and I have walk
versts in this hot sun, thinking here in the l
would find a foreigner who might have sn
now you say you have not got it and you
haven't got it. Ah, what a calamity! . . . I'd
pay for it—and knowing that so many people
don't take money as they cannot always spend it,
along a leg of mutton in this sack, fresh mutt
word, from a sheep I killed this morning befo
Maybe," he drew so close that I could feel l
"there is someone among you foreigners wh
snuff for a leg of mutton, maybe there is . . .,"
with a quaver in his voice.

I assured him that I did not know of any such
"Ah, ah!" he sighed with chagrin and incred
could not imagine how any foreigner could be with
simple thing as snuff.

"I can do without sugar. I can do without he
on fast days, and I still believe in God and ol
days. I've had neither sugar nor herring in so l
have forgotten how they taste. On my word I l
snuff? How do the Soviets expect me to get alo
snuff, ha? How? What a misfortune, what a
Ah!" And bowing politely he walked off mu
himself.

Incidents like these crowded on me one after another, as they do on every visitor who ventures beyond the hotels and museums and wanders about the streets of the city. Sometimes they came with the chill of a wave unexpectedly splashing over a bather, but always there was an afterglow, a sensation of delight as at a new discovery, a new triumph. In themselves the incidents might be trivial, but they were unfolding something new, a new picture, a new mood, a new horizon, a new importance.

It was then that I realized that Moscow's external appearance was as deceptive as a flower that folds its petals at the approach of darkness, or a freshly sown field that hides within its bosom the riches of a harvest. To the physical eye the city might be an anachronism, a monument to the dull wits, the coarse tastes, the gross whims of its builders. But beneath the ungainly exterior it teemed with a life which like a conjurer was continually bringing forth surprise, excitement, wonder. The comparison with a conjurer, I felt, was only partially correct, perhaps even absurd, for there was a limit to the illusions a conjurer could evoke, whereas there was no end to the surprises and sensations that Moscow offered. I never ventured into the streets and boulevards but I ran into something—an incident, a person, a crowd, a procession, a bit of dialogue—which made Moscow a never-ending and ever-changing spectacle. The source of this spectacle was always the same—the people. It was not, then, the physical lay-out of Moscow that mattered, not even the Kremlin, St. Basil's, the river, the skies. It was the people who invested it with a witchery all its own, and not until one discovered them did one sense the meaning, the passion, the defiance, of this ancient and momentous city!

In their physical traits the people were not without a flavour of their own. The women were short, plump, with broad faces, large hips, ample bosoms, built for work and motherhood. No wonder they were performing heavy labour in the fields, on railroads, on construction jobs and

in factories. The slender woman was so rare that her appearance provoked surprise and commiseration. The chambermaid in my hotel once came in and shook her head in sorrow. What was the matter with these American women? They were so thin, the poor dears. "Don't they have enough to eat?" I assured her that they did not lack for food, and she was more puzzled than ever and asked with unabashed and tragic earnestness, "Do the men like them that way?"

The men by contrast were lean. The fat man was even rarer than the slender woman, and his appearance in a public place was a signal for merriment. Once, on the emergence of a fat tourist from the Metropole Hotel, the gang of workers who were constructing a new pavement in the square nearby paused from their labours and laughed, and continued to laugh and to exchange merry quips with one another until the tourist got into a taxi and disappeared from view.

Why did they laugh at him? Why was a fat man a source of amusement to them? In cartoons, films, on the stage, they were being accustomed to associate a fat man with bankers, imperialists, kulaks and other capitalist villains. The sight of a fat man should have roused their scorn and resentment. Instead it stirred rollicking merriment. In the flesh they beheld in a fat man not a monster but a clown.

The men were all alike in their disregard of the daily shave, the pressed suit, harmony of colour in dress. They seemed to care little for external elegance except for beards! The Revolution had won many of them to the use of the razor—youth scorned the beard—but enough of them had not yet become reconciled to the complete shave to make the beard still a distinctive attribute of Russian masculinity. But it was not the Russian beard which is celebrated on the western stage, in the western novel, in the western cartoon—the untamed, unshorn, unfathomable beard. Only the muzhiks in this as in so many other respects clung to tradition and heritage. The city man

had broken with both. He trimmed and groomed his beard and pampered it like a beloved pet. It was the one thing in his appearance in which taste and choice played a heroic part. In the midst of the effort to build steel shops, automobile plants, chemical factories, he might not be able to purchase the suit, the shirt, the necktie that he fancied, but he could, unhindered, indulge his talent and his whim for beards. And he did. There were long beards and short beards, square and pointed, goatees and chops, vandykes and dundrearies, and a multitude of other styles that defied classification.

It was the manner of the Russians that intrigued and excited me most. They were so incredibly impulsive, so amazingly volatile. In Stockholm and in Berlin, for example, on visiting cafés, I had observed men, alone or with companions, sitting over a cup of coffee or a glass of beer in absolute silence. They enjoyed being aloof. Their manner was so forbidding that unless one knew them one would not dare approach them. Russians could never be like that. They were too loquacious to be happy pent up within themselves. They had to talk. They did not bother about introductions. They never minded being spoken to, and it never occurred to them that others would mind it. They were never too busy, too morose, or too distracted for conversation, and they never hesitated to ask a stranger most intimate questions. How often as I met them casually in my daily rambles did they ask me my age, the amount I earned, the price I paid for my shirt, my suit of clothes, my tie, and whether I was married, and why not? They were insatiably curious. Nor did they hesitate to volunteer information about themselves. They enjoyed it. Without the least show of reserve they talked of their life, their hopes, their despairs, their misdeeds, their failures, their achievements. They loved to confess and argue and justify and condemn themselves as much as others.

And how they loved processions! Hardly a day but some

organization or factory was parading somewhere for something—Pioneer boys and girls with flapping red ties, Young Communists with guns on straps of leather slung over their shoulders, factory workers with banners and bunting, policemen with a band on the way to a public square from which they were to disperse to their beats, country folk in bast sandals and—in spite of warm weather—hooded up in heavy clothes, making the rounds of sightseeing resorts, and, of course, soldiers. The paraders were always singing. A soloist would start a verse, and the crowd would join in the chorus. Singing was as much a part of a procession in Moscow as cheering is of a football match in America. Indeed, it was a part of the very pulse beat of the city. In the medley of noises, in the evenings especially, that rose above the streets, the sound of song was a recurrent and stirring undertone.

Soldiers were particularly given to song. Rifles on shoulders with bayonets fixed, on their way to or from drilling grounds, or with bundles of towels, underwear and soap under their arms on their way to and from the bath-house, they strode along in military formation to the tune of a robust melody. Traffic might roar all about them—buses, lorries, crowds—they sang away, quite unconcerned, their booming voices soaring high and clear above the tumult of the streets.

Nothing, however, that I had seen in Moscow had given me such a sense of social desolation as a white funeral. A white funeral is a religious funeral, as distinguished from a red funeral, which is a Soviet funeral. It was on my second day in Moscow that I saw my first white funeral. It was edging through the traffic on the Arbat like a timid child making its way amid a crowd of strangers. The hearse was an open platform, and was painted white, a faded peeling white. The coffin was white, a fresh shiny white. The flowers were white, white lilies, white roses, white chrysanthemums, and were scattered thinly over the coffin. Only one horse was drawing the hearse, an aged,

scrawny beast, limping and raising its feet with an effort, and the trappings over it, tattered and worn, were white. The coachman was leading the horse by the bridle, and wore a long smock which was also white. It was a pathetic, unpretentious affair. No priest, no banners, no ikons, no symbols, no swinging of incense and no solemn intoning of "eternal memory." Hardly a procession at all. A man with long hair and a stooping back was followed by only two persons, an elderly couple, the woman leaning on the man's shoulder and sobbing. Traffic did not halt, and in the hubbub pedestrians scarcely observed the presence of the funeral. There was nothing save the coffin and the white trappings to signalise the passing of a life. This, then, was the fate of those whom the Revolution had disinherited. Even in death they were alone!

The first red funeral I had seen was such a contrast. Everything was red, blood red. The open hearse was painted red, the flowers were red—red roses, red dahlias, red chrysanthemums. Not one but two horses, sleek and sturdy, were drawing the hearse, and they were decked out with long red trappings which reached over their ears and foreheads. The bunting over the coffin and the hearse was an undulating stream of red. A band was playing the revolutionary funeral march—a military band with soldiers in khaki and shining boots, their brass instruments gleaming in the sun. Directly behind the hearse a woman in a loose cloak and black shawl, shaken with grief, was leaning on the arms of two men, one young and clean-shaven with cap drawn low over his forehead, and the other much older, short, stubby, with a mud-coloured beard, one hand in his bosom, and his eyes fixed on the ground as though he were too proud to show emotion or so choked with it that he dared not look up lest he collapse. Then came a long procession of men and women, young folk mostly, walking solemnly, four and five abreast, and carrying banners as red as the bunting, the coffin, the flowers. Colour and drama were here, and pathos; public remembrance and

public reverence. Traffic halted to give the procession right of way, and pedestrians stopped, doffing their hats and gazing in solemn contemplation.

"Who is dead ?" I turned to a young man in the procession and dropped into step with him.

"A working girl!" answered the youth.

"A *Komsomolka,* a member of our cell," volunteered a girl who walked arm-in-arm with the young man. The dead Komsomolka, I learned, was eighteen years old, a worker in a textile factory, and the people in the procession were fellow workers. She was Jewish, but most of the marchers were not. They were not taking her to a Jewish cemetery. Workers did not believe in separate cemeteries for Jews and Gentiles. "We work together, live together, fight together, and get buried together," explained the girl with pride.

I dropped out of the procession and followed it with my eyes until it disappeared down a boulevard, to the fading strains of the band, muffled and doleful. Traffic which had been cut asunder flowed together again like streams of water. As I was wending my way home along the river front I wondered how it would all end, this Revolution and the poignant cleavages it had wrought. So much tragedy and social desolation in the white funeral, so much majesty and social remembrance in the red funeral—symbols of two worlds which touched one another only by the accident of being in the same land, the same city.

Then casually I looked up at the Kremlin. A huge and brilliant red flag, floating over the St. Nicholas Palace, was being blown in the direction of the gleaming crosses that capped the cathedrals nearby. The red flag and the Christian cross seemed to reach out to one another in amity and goodwill. Of course, it had no meaning at all. It was no symbol of an approaching reconciliation. It was only an accident. Yet there they were—the red flag and the Christian cross as if in a joint salute to the world about them.

Men and Monuments in Moscow

III

A SURPRISE of a different kind was provided by the Moscow police or militiamen. They looked dignified enough, nor was there anything shabby or unkempt about them. In their high boots with trousers tucked inside, in their grey uniforms and helmet-like caps, they presented a smart appearance, the smartest, next to army officers, of any men in the city. But they were astonishingly young—in the early twenties—and astonishingly small. They were not midgets, but they were picked, it seemed, deliberately for their youth and their smallness of stature. Was it because a big man might be more readily tempted to turn bully and abuse the citizenry ? Or because in the minds of the new rulers the idea of a policeman was still associated with that of a hireling of capitalism who broke up strikes and workers' meetings ? Whatever the explanation, the Moscow militiamen were the smallest and the most youthful guardians of the peace I had ever seen. Beside the formidable English bobby or the tough American cop, they were mere caricatures, walking toys, fit more for comic parts in musical comedy than for the tasks they were performing. They seemed easy-going, too, and unassuming, quite out of tune with the spirit of ruthlessness that the proletarian dictatorship implied.

Nor was their martial equipment calculated to inspire terror. They carried guns, it is true, in leather pouches outside their uniforms. But they had no truncheons or "night-sticks" with which to belabour wrongdoers. If emergency demanded, they might shoot violators of the law, but might not beat them. But suppose people resisted arrest ? No sooner had I posited the question than I dismissed it. In such a situation I was sure a Russian militiaman would not stand on ceremony. He would be as rough as any American cop. Soon, however, I discovered that I was in error.

As I strolled along the Strastnoy Boulevard I saw a crowd in front of a restaurant. In the centre were a militiaman and a young, well-dressed woman, her lips daubed with lipstick. The policeman accused her of soliciting in the streets and sought to arrest her. The woman denied the accusation and refused to be arrested. The colloquy attracted an ever-increasing crowd.

"I have to arrest you," insisted the policeman.

"I refuse to be arrested," protested the woman.

"You've got to arrest her," pressed a man with a brief-case, evidently an official of importance, "she's been accosting me here in this very boulevard."

"Come," said the policeman, taking her by the wrist.

"I am not going," retorted the woman, snatching away her arm.

"You can establish your innocence at headquarters," argued the policeman. He was not angry, but he was firm.

"I refuse to go to headquarters."

The militiaman pleaded, argued, warned, threatened. He seemed so pathetically helpless. But the woman was obdurate. She would not be arrested. To me it seemed a comic procedure, more like a sketch on a variety stage, a bout of hilarious farce, than a slice of real life. Yet nobody laughed. The bystanders took it as seriously as did the militiaman, and joined in the tilt, on his side. Men and women, one after another, pleaded with the woman to go with the policeman. They reminded her that refusal to do so, even if she was innocent, constituted an offence and would bring severe punishment. The policeman remained silent while the bystanders talked, glad of the support they were giving him. In the end, persuasion won. The woman agreed to go to police headquarters, if she did not have to walk, to which the policeman readily consented. The public, the bystanders, instantly turned to see if a cab was available, and when they saw one coming they hailed it with explosive joy. The woman entered the cab, the policeman followed her and they drove away.

Many of the people whom I met in my rambles would unfold, in part or in whole, the stories of their lives, eagerly, eloquently, touchingly, without any solicitation on my part, and never in an effort to justify their misdeeds or to exaggerate their virtues. They were so sublimely unabashed, so heroically humble. Again and again in such company I felt that I was listening to characters who had emerged in the flesh from the pages of Gorky or Dostoievsky.

Once as I was walking up the Petrovka in the heart of the city I felt someone pull me by the sleeve. "Excuse me," said the oddest-looking man I had ever seen—a tall, gaunt figure, clad in mere rags carelessly stitched together by coarse thread and wire. He had neither shoes nor hat, and his face was smeared with sweat and dirt. "Please excuse my boldness," he said apologetically and with a merry twinkle in his bloodshot eyes. "I need ten kopeks, upon my word I need them."

"What for?" I asked.

"What for? I'll tell you," he said, and his smile bared his shiny white teeth. "I have fifteen kopeks, and if you give me ten more I'll have twenty-five, and for twenty-five kopeks I can buy a beer in that tavern there on the corner. See it?"

I looked at him. His hair was long and tangled, and seemed as if hung on a frame from the middle of his head. His clothes exposed more of his body than they covered, and he smelled heavily of sweat and liquor. He looked the part of a variety clown. Yet there was a winning quality in his twinkling eyes, his careless manner, his soft voice. He showed none of the abasement of a beggar. He asked for ten kopeks with as much assurance as a customer orders a pound of sugar from the grocer. Here was one of Gorky's tramps in the flesh—frank, proud, self-assured.

"Don't you give him any money," growled an old woman who was passing by with a sack on her back. "He's had enough to drink."

The man laughed like an innocent boy.

"Brother mine," he said, putting his arm round me, "how little she knows the world. . . . Akh, you ignorant *baba*" (old woman).

"If you were my man," retorted the woman angrily, "I'd give you such a hiding as you'd never forget, you scamp! Somewhere in a basement here or in some other city, I suppose, there is a woman with half a dozen children whom you have deserted and who are crying their hearts out for you, you good-for-nothing. . . ."

The man was not moved by this tongue-lashing from an utter stranger. He laughed heartily.

"She doesn't know anything," he explained. "I've never married a woman, believe me, my dear, I haven't, and the reason is that no woman would marry me. I am distasteful to women. I drink, of course I do, but why shouldn't I? Why shouldn't I drink as much as I can hold inside me? Just look—just look. . . ." By this time several passers-by had stopped to listen. "Do I look like a man? Do I dress like a man? Do I smell like a man? Do I feel like a man? . . . Why should I act like a man? Why should I be a man?" He laughed and the bystanders laughed with him. I slipped him a coin and he dashed away singing, while the crowd remained to speculate who he was and whether or not I did right in helping him to obtain another drink.

On another evening I had no more than turned the corner of the Tverskaya when I was stopped by a youth reeling with intoxication. A well-dressed youth he was—too well dressed for Moscow, in low shoes, cap, a smart suit of clothes, and a collar, but no tie. He, too, asked for money—five kopeks to go home on the tram. "You are an Englishman," he addressed me in perfect English.

"Not quite."

"Sind sie Deutsch?" he hazarded, and proceeded to speak German and French and then English again. I was intrigued, for it was evident that this was no common

drunkard. I did not have to wait long to learn the man's story. His father had been a rich man before the Revolution, and as a child he had had French and German and English governesses and had travelled widely in Europe. "A good man, my father was—very good to me, because I was his favourite son. But he was a *bour hui nu*, a swine —a smelly swine, that's what his valet told him when the Revolution came. Yes, valets did talk like that to their masters in those days. What has become of my father I don't know. He fled abroad—the coward. Maybe he is in Naples, maybe in Berlin, maybe in Paris playing around with women. I don't know and I don't care. He abandoned us—me and my younger brother—and the devil take him!" He reeled and wobbled and nearly fell on the pavement.

"Tell me," I said, wondering how a man of his origin was faring in the proletarian capital, "what do you do—I mean, how do you get along?"

"How do I get along?" he repeated in English. "Ah, that is a secret, a big secret. But I'll hide nothing from you, nothing. You mean, I suppose, what do I do for a living. Hm. . . . I have even stopped asking myself the question. Come to think of it, I do get along, don't I? No, I've no job with the Soviets—I'm not good enough—not a proletarian—the son of a capitalist swine . . . so I keep taking to the market-place day by day the things that the Bolsheviks overlooked when they confiscated our family belongings, and I sell them for the best price I can get. . . . Then I write. I dreamed once of becoming a great novelist, something like your Jack London—only, of course, not so great—and so I write, very little and very rarely, and I must say very poorly, so rarely and so poorly that I never get anything printed. . . . And, thirdly, I drink. That is how I get along. Do you see?"

A militiaman came by and said, "You'd better get home," and taking him by the arm led him away to the tram.

Several days later I saw him again, lying prostrate on the pavement in the Tverskaya. A crowd had gathered about him and a militiaman bent low over his head, vainly trying to ascertain from him who he was and where he lived.

Then there was the man whom I met one evening on the Strastnoy Boulevard. I had been in the Praga Restaurant and on my way home sat down on a bench to enjoy the night. The lights were already out, and there was silence save for the occasional clatter of a tramcar and the honk-honk of a passing motor-car. Then a voice broke the stillness, a man's voice, soft and shaky, as though the speaker were not sure that his approach would be welcomed.

" Excuse me, sir, you are a foreigner ? " French was the language.

" Yes," I replied in English, and the man, tall and distinguished in an up-to-date suit of clothes and a soft hat—better dressed than any Russian I had yet met—sidled into a seat beside me.

" I'll talk English then," he replied, speaking with a harsh accent. " You won't mind," he continued, " if I ask you to do something for me ? "

" If I can," I answered, wondering who he was—a spy, a White, a smuggler, or just a victim of the Revolution.

" Of course, if you cannot, you cannot." The man was uneasy, but plucked up his courage to continue. "Please believe me, I never should have approached you if I hadn't thought you might be of help to me. I saw you in the Praga Restaurant and have followed you here to the boulevard. Now don't for heaven's sake think I am a spy, a hireling of the GPU. I am not, I swear I am not."

I waited and the man soon resumed speaking.

" I may as well begin by telling you who I am.. My name is Alexey Kirilovitch T-v, of the T-v family, once high in the counsels of the Czar, an engineer by profession, an electrical engineer. Had my own business with offices in Berlin and London. I was rich, very rich, but I lost everything in the Revolution, everything, and my wife, poor soul, died

from typhus in 1921. No children. Now I am living in Leningrad in a small apartment with a peasant woman, my housekeeper. A man of experience, you see, and some talent, useful to the Soviets and honest. Trusted by everybody and treated well. I can't complain. But my dear, dear friend, I am so unhappy. Not because of the loss of my fortune. Not a bit of it. To the devil with money. I can live on black bread and cabbage soup and be happy. Every Russian at heart is a muzhik and can live like a muzhik. But something inside of me has snapped, gone out . . . out . . ." His voice broke off, and he paused, but not for long.

"You see," he began again with an effort to be calm, "I was born and educated in the old capital, Leningrad. Every inch of ground in the city I treasure and love, and every time I go into the street I tremble . . . I see buildings, mansions, churches, offices, and I think of this and that friend who worked or lived in this or that place, and I grow faint. Where are they all, these men and women who ate and slept and loved and wept, and went to *the theatre and gave parties and invited me to their houses* and played and danced with me and became as much a part of me as the very air I breathed? They may have been terrible people, usurers, exploiters, loafers, swine. All that the Bolsheviks say about them may be true. But they were people, my people, part of me as much as I was part of them. And now where are they? I do not know. I never see them. Not even those who have remained alive and are still about. They don't count. They are not of much use even to themselves. They are finished, dead, even if they still crawl around like lice. . . . . I have nobody except my muzhik housekeeper, an old servant of the family. The other day I said to her, 'Marfa, I am dead,' and she got down on her knees and crossed herself and prayed and begged me never to say such words. But I cannot help saying them. I cannot help thinking that way. I *am* dead. I know I am dead even if I still talk and work and

sleep. I cry so often, so often—just lie down on the divan in my room and cry like a beaten child, because I know I am not really alive. Think of it—a man of such influence in the old days, with a first cousin Minister to the Czar, with the Czar himself calling me into consultation, and with the Bolsheviks respecting me as a man and as an engineer and trusting me with responsible projects. Such a man and yet such a weakling—lying on the divan and crying and repeating to my housekeeper 'I am dead, I am dead, Marfa.' And she, poor woman, praying for me and scolding me and pleading with me amid her tears never to repeat those terrible words, and I unable to promise anything or to say anything except to repeat louder and louder, 'I am dead, I am dead.' "

He paused, drew his handkerchief over his eyes and sobbed convulsively.

"Please do not mind me," he resumed. "I didn't mean —well, you see, I am weak, so terribly weak, and I must get away from here to a far, far-away place. I want to go to America, and if you could only help me to get there, tell somebody in the American Government who I am, and obtain permission for me to land. . . . Ah, I'd be so grateful to you, so grateful, and maybe the Bolsheviks will let me out, maybe . . . I'd tell them the truth, I'd tell them how broken up I am, how necessary it is for me to get away to a far, far-away country, and maybe they'd have pity on me, maybe. . . . They have not maltreated me, thank God, and I can't complain. I'd be glad to do anything in America—dig coal, plough land, cut timber—anything. I am not so very old yet—fifty-six—and perhaps in some other land, far from reminders of the past, I would come to life again. . . ."

IV

SINCE my first visit to Moscow the face of the city has changed and is still rapidly changing, almost beyond recognition. Gone is the Temple of the Saviour, whose golden

dome only a few years ago flashed upon the horizon like a lighthouse at sea, in a brilliant welcome to the arriving traveller. Gone is the ancient and widely famed Iberian Virgin, before which Czars and peasants alike knelt in prayer and devotion and in appeal for miracles in their behalf—gone and really forgotten. So many churches have been torn down and abandoned that now one has to go for miles before finding one that is still standing. Rarely does one now see a priest in the streets. This once "holy city," the little mother of Russia, seems to be in a fearful hurry to cleanse itself of every vestige of its ancient godliness. Street after street has been torn down and straightened and cleaned. Row on row of ancient buildings has been demolished and new ones—more imposing, equally clumsy, and with rare exceptions hardly more appealing to the eye—have been put up. All over the city, by day and by night, drills and engines and steam shovels whine and roar, filling the air with noises which must make the old builders of Moscow turn in their graves.

In the department stores one can now see Russian-made pianos and gramophones on which the Muscovite loves to play American jazz records. Over and over he plays them, late into the night, indeed into the early hours of the morning. In the city planning office architects showed me an array of photographs, maps of the future of the city. Practically all of it, with the exception of the Kremlin and a few other historic landmarks, is destined to be torn down and rebuilt. And yet the people have remained the same—as eager, informal, impulsive, as ready to talk, to quarrel, to confess, to identify themselves with every passing incident and to enact the same little comedies and dramas that they had always played in the streets. And yet one wonders whether the machine, the mighty weapon of the Revolution which is so busily and so greedily ploughing up the old civilization, is not going to change all that and make the Muscovite as reserved, as formal, as dignified, as formidably aloof, as the citizens of so many modern cities.

CANADA AND COMMONWEALTH SECURITY

I. Canada's Security Past and Present

SECURITY has two aspects, one territorial, the other extra-territorial. In the territorial aspect the term means freedom from the risk of invasion by hostile forces; in the extra-territorial it means freedom from the risk of interference with the movement of trade through extra-territorial channels. To the Frenchman's mind the territorial aspect is the more important: he tends to think of security in terms of the German menace. From the point of view of the United States, and at least until recently from the point of view also of Great Britain, it was the extra-territorial aspect that was the more important; that aspect is suggested by, if not summed up in, the phrase "the freedom of the seas." The recent debate on the advisability of increasing the strength of the Royal Air Force* suggests that to the people of Great Britain the territorial aspect of security has increased in importance relative to the extra-territorial.

In neither aspect has the question of security seriously agitated the minds of Canadians, except when discussions have arisen on the policy of making contributions in either ships or money towards the strength of the Royal Navy. When these discussions were at their bitterest, in 1913, the question chiefly debated was whether the emergency was such as to require the adoption of a course which in other circumstances none of the disputants would have been

* See The Round Table, No. 96, September 1934, p. 863.

inclined to support, and about the discussions themselves there was always a certain unreality. They were concerned chiefly with security in its extra-territorial aspect, and it was always difficult for Canadians to feel that a money contribution of the order of a few millions of dollars, or the provision of one or two additional men-of-war, could make any very substantial difference one way or the other. Either the navy was strong enough, without the contributions, to ensure the safety of Canada's trade routes, or else, even with the contributions, it would be too weak to protect them. All that was involved was an additional margin of safety, and few Canadians regarded that margin as being of high intrinsic importance. It was generally assumed that the Royal Navy would in any event be maintained at sufficient strength and that it would be used to protect Canada's coasts from attack in the very improbable event of a need for such protection. The conflicts were rather conflicts of words, and it cannot be said that they had any very profound effect on public opinion.

For the protection of her own territory there was practically nothing Canada could usefully do. It was impossible to fortify either of her sea coasts sufficiently to ensure their security independently of naval force, and any attempt at fortification was confined to a few points of special importance. No navy that Canada could conceivably maintain could be made strong enough to resist attack from any of the few great Powers by whom alone an attempt at invasion was conceivable. The inviolability of the land frontier to the south depended upon the maintenance of good relations with the United States. Even if good relations were threatened, no land force within the realm of practical politics could possibly be counted upon successfully to oppose itself to a thrust, for example, from Chicago, whence an invading force might move either towards Lake Erie or towards the western prairies. Consequently, the question of security, whether territorial or extra-territorial, as a matter of national concern, hardly impinged

upon the minds of Canadians. The purposes to be served by Canada's naval and military forces were regarded as being the protection of fisheries against unarmed poachers, the preservation of domestic order, resistance to possible unauthorised raids such as that of 1866, and, above all, participation by the land forces in a hypothetical imperial war.

The conquest of the air has completely changed this situation. It is now quite within the capacity of Canada to maintain an air force strong enough to deter a hostile force from overseas from attempting to make a landing on any part of her coasts. Indeed, the organisation, within a few years, of an air force capable of discharging that function may now be anticipated. For such a force the recent greatly increased resort to flying for civil purposes naturally affords the foundation, but curiously enough it has been the great depression which has made its organisation an immediately practical possibility.

Though many, perhaps most, Canadians even yet fail to realise it, the effectiveness of air operations and civil air transport depends as much upon ground organisation as upon the efficiency of the aircraft in use. Air Force depots, if not civil air transportation bases, must be near the centres of population, and the population in Canada is centred in the inland provinces of Ontario and Quebec. In fact, the principal Air Force depot has been in the western part of Ontario. This training centre is to be moved slightly eastward to Trenton on the north shore of Lake Ontario, but it will still be nearly a thousand miles from the eastern seaboard and more than two thousand from the western. Apart from the depression the difficulty of providing land facilities for the rapid movement of air squadrons from their principal bases to either coast would probably long have remained almost insuperable. Parliament was not seriously concerned either with the problem of defence or with the provision of facilities for civil air transport. As a result of the depression, however, there came into

existence a large body of unemployed and, generally speaking, unattached young men. A constructively imaginative Department of National Defence seized upon the opportunity to find work for idle hands to do, securing at a stroke a lessened risk of internal disorder and an improvement of Canada's air facilities. Large bodies of men were employed, practically for their keep, in constructional work under the Department, chiefly in the laying out of what has come to be known as the "Trans-Canada Airway."

This consists in a series of prepared landing grounds, some thirty miles apart, along a line extending from Halifax on the east to Vancouver on the west, with intersecting and branch lines running north from Toronto to Cochrane, from Lethbridge to Edmonton, and (in prospect) from Regina to Saskatoon. The landing grounds themselves are expected to be ready for use before the end of 1935, and soon after they are finished the whole airway may be expected to be equipped with radio beacons, lights and other necessary facilities for air navigation. Most of the grounds, of course, will remain without equipment, being intended for use only in emergencies. Fully equipped aerodromes will be separated by something like three hundred miles. The airway was needed to permit the proper development of civil aviation. Its location is understood to have been determined solely on commercial grounds, but its existence has, nevertheless, a very important bearing on the problem of defence.

Canadians appear to have a special aptitude for flying. At least in 1918, and probably even earlier, some 40 per cent. of the whole personnel of the Royal Air Force came from Canada, and the proportion of Canadians among the officers and non-commissioned officers who actually flew was very substantially higher, perhaps as much as half as high again, although on this point exact figures are not at present available. The Royal Canadian Air Force is now a highly efficient, although not a large, organisation. Its strength, in both personnel and equipment, has lately been

increased, and as it has always been looked upon as the best school for civil pilots, the growing interest in air transport is likely to bring about a further substantial expansion, quite apart from military considerations. This will probably involve the expenditure upon it of a considerably larger proportion than heretofore of the total sums available for all defence services, and possibly even a reduction of the sums appropriated for the land and sea forces.

A comparison of recent parliamentary estimates suggests that the process of redistribution has already begun. After a certain increase in air strength has been made, Canada will be able, on a few hours' notice, to transfer to either coast a number of air squadrons amply strong enough to make a demonstration against that coast by an overseas fleet so dangerous as to discourage, if not wholly to prevent, its being attempted. The land forces could be concentrated on either coast after a somewhat greater delay than the air squadrons, and would there afford them the necessary ground support. Items which have appeared in the press suggest that the training of the militia is being modified in the direction of increasing the number of men mechanically trained. It may be expected, moreover, that like modifications will be made in the character of Canada's naval equipment and in the training of her naval personnel, with a view to facilitating co-operation for defence between the Royal Canadian Navy and the air arm.

It seems hardly possible to overestimate the significance of the change in the position thus outlined. Canada need no longer feel herself entirely helpless. The old taunt, that it was confidence in the Monroe doctrine which prevented Canada from feeling concerned about possible invasions from the sea, will before long have lost its point. If she is not so already, Canada will soon be found not only willing but able to accept full responsibility for the protection of her coasts, without sheltering herself either behind the United States or behind the British fleet. This internal change, however, in no way affects the question of extra-territorial

security. The position in regard to it remains as before, except to the extent that it, too, has been affected by the conquest of the air.

II. Commonwealth Security and the League

THE exception is a most important one. If Canada is right in thinking that she can effectively deny her coasts to hostile men-of-war, it follows that no armed and armoured vessel can expect to command any part of the narrow seas, and where an armoured vessel cannot safely penetrate it is obvious that the frailer merchant ship can pass only by permission. The freedom of the narrow seas no longer depends upon naval power, but upon air strength. The question of the security of the Commonwealth thus presents itself in an entirely new form.

How far, in these circumstances, can there be any such thing as combined Commonwealth action? Is a repetition of 1914 conceivably possible? It is hard to imagine the Government of any Dominion prepared to face the risk of embarking substantially all of its trained war personnel on merchant vessels and moving these to Europe, no matter with what air protection the convoy could be furnished. A Commonwealth concentration for the defence of India, or perhaps at Singapore, presents different considerations. To both India and Singapore there is a back door as well as a front, and it is improbable that access to both could be contemporaneously denied by hostile air action. If it is contended that to Great Britain there is likewise a back door, a fresh set of questions arise.

Assuming the possibility of concentration, it seems at least open to doubt whether any overseas force could arrive in time to be of use. Some students incline to the view that soon after the first contacts of hostile air forces, either with each other or with enemy aircraft defences, the losses of air personnel and equipment

suffered by both combatants will be so great that neither will be capable of further effective air effort: losses at the rate of 100 per cent. a month are spoken of. It is suggested that the period of air operations will be followed by a pause, during which both sides will seek to reorganise and recuperate, and that in this period of pause the ocean transport of reinforcements will be a feasible operation, even if a dangerous one. This appears to be an optimistic view, in the sense that it envisages an opportunity for sea transport which is likely to be useful only if the air power of both combatants is in abeyance. If either retains command of the air, it should be able, within a time too short to permit the arrival by sea of reinforcements either to itself or to its opponents, to crush the latter's will to further hostile effort, if not capacity for it. If, moreover, command of the air remained with the enemy, the dispatch of reinforcements by sea would necessarily be extremely hazardous. There seems, therefore, to be good ground for the view that an attempt to bring about a concentration of Commonwealth armed forces in Europe would almost certainly be either impossible or unnecessary

It must be admitted that the present international situation has in it at least many of the characteristics of pre-war international anarchy. Canadians have always been strong supporters of the League of Nations, notwithstanding that the object of the League has been commonly presented to them under a somewhat unfortunate guise. That object has usually been represented as the organisation of peace, but even if it had been more usually presented as what it really was, namely the organisation of power, that is communal power, or at least a long step towards it, the League would have commanded equally general support. While there is no doubt that its nominally worldwide inclusiveness had a certain ideal attraction, membership by Canada would probably have been almost equally widely approved if, in correspondence with the stark fact, the League had been recommended as an association of vigilantes

who combined for the repression of individual breakers of the public peace—provided always that the association seemed disposed to make adequate provision for the redress of wrongs, and that Canada's responsibilities were appropriately limited having regard to her isolated geographical situation.

The creation of the League and the course that it followed induced at first a justified optimism; but since the defection of two of the great Powers that optimism has undoubtedly given place at least in part to pessimism, and the adhesion of Russia has not been sufficient to counterbalance this loss of faith. Canadians prefer a body which acts to one which merely talks, and though this is by no means to say that the League could have done otherwise than it did, there is no doubt that the great majority of Canadians were profoundly disappointed at the failure of the League to compel Japan to respect public international law. Canadians have an innate respect for law and an inherent inclination to support its enforcement. They are irritated and depressed by any failure of the law to make itself felt, and were a practical plan presented for the better organisation of power, it is extremely probable that there would develop in Canada very strong support for its acceptance.

Situated historically and geographically as they are, Canadians commonly regard Great Britain or France as their spiritual, but the United States as their material, "home from home." While they do not approve of some of the manifestations of United States national characteristics, there is not the slightest awe of the United States on the part of Canadians, or any contempt of Canada on the part of citizens of the United States. Individuals resident north and south of the boundary generally find that they have the same intellectual outlook as their opposite numbers on the other side drawn from the same social strata. In a proper case, they would have not the slightest hesitation in co-operating with one another to defend the

continent of North America against invasion or against hostile action affecting the common interests of its inhabitants in other parts of the world.

On the other hand there is a most intimate association between the Canadian services in all branches and the corresponding services in Great Britain. From the point of view of their organisation, equipment and training, joint operations by British and Canadian forces could be undertaken with a minimum of difficulty. There would undoubtedly be a strong disinclination, if not a flat refusal, on the part of any Canadian Government to permit any Canadian armed force, even one operating abroad, to become wholly merged with the forces of Great Britain, much less with those of the United States. Canadian forces would almost certainly be required to act under their own Commander-in-Chief, who would report directly to the Canadian Government and would be responsible to it and to Parliament for the proper use and care of the forces under his command. But if Great Britain and the United States, with the co-operation of such other Powers as they regarded as essential for their support, undertook to enforce the recognised public law of the world by appropriate use of their combined war strength, there is little or no doubt that adherence to that plan would have the support of very many Canadians. It is nevertheless probably true that even such a combination would not command the same general support in Canada as would a more inclusive group, acting under the Covenant and accepting the Statute of the Court of International Justice. To co-operation with such a group opposition in Canada would probably be so slight as to be almost negligible.

The only present alternatives to the formation of a group of one kind or the other seem to be reliance upon the present unwieldy machinery of the League of Nations, with its failure to apportion national responsibilities on geographic grounds, or a reversion to complete international anarchy. Canada's prospective capacity to protect

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herself against invasion makes the emergence of an anarchic world somewhat less alarming to Canadians than it might otherwise be. As that capacity becomes actual, it will tend to give them a sense of national solidarity considerably more acute than they have heretofore possessed. Even if, under anarchical conditions, Canada was willing and anxious to throw her full strength into a war which threatened the continued existence of the Commonwealth, it seems rather more unlikely than likely that intervention in such a war would turn out to be a possible course of action.

III. Canadian Opinion

IN 1914, for the first time in a century, Canadians were brought into intimate contact with armed hostilities. The sea coasts were guarded according to pre-arranged plans, and a considerable number of troops were sent to the western front. No naval participation was possible, since the struggle over a Canadian navy three years earlier had resulted in the taking of no action. Thus, although distant from all the theatres of war, Canada became actively concerned in it, and many thousands of her citizens learnt from experience something of its art. But, as happened in some other countries, experience of war led in the long run, not to a flowering of the martial spirit, but to an active desire for peace where before had existed only a vague acceptance of it. The war did more than that; it brought to a head, rather suddenly, the long-standing process which led Canada from the position of an overgrown schoolboy to that of a rather self-conscious young man in a sophisticated world of mature and adult States.

With the end of the war, Canada, viewing the diplomatic world for the first time direct from Ottawa, rather than by way of London, instinctively pinned her faith to the Covenant and the new internationalism. To Canadians it seemed that the world as a whole was at last adopting the method of settling international disputes that Canada

and her great neighbour had been following with success for a hundred years. The view came to be generally accepted that the collective system offered, not only the right approach to world affairs, but also a solution of the vexed question of imperial relations in the realm of foreign affairs. If all the self-governing parts of the Commonwealth were committed to the principle that the only war in which they would be called upon to take part would be a war in defence of the collective system, then, clearly, the problem of the diplomatic unity of the Commonwealth largely disappeared.

There is reason to believe that public belief in the League and in the principle that it represents was never stronger than now. At the same time, no one but an ostrich could fail to see the growing triumph of the old system of action by individual States or groups of States on a basis of *Realpolitik*. As mentioned above, it is chiefly the realisation of this painful fact which has precipitated the imperial defence issue.

In face of the new world situation, Canadian opinion, so far as it is formed at all, is hesitant and divided. Many Canadians are conscious that Canada occupies a peculiar place within the Commonwealth, one that appears to give her protection without liability. It is said by Canadians as well as by outside observers that Canada should either stand on her own feet in the world, and be prepared to accept the dangers of that position, or else be ready to co-operate with the other members of the Commonwealth in defence and foreign affairs. While it is in many ways desirable that this logical alternative should be faced, it is unlikely to be faced unless external pressure is applied to compel an answer. There are many reasons for this. A democracy is not accustomed to facing great problems of foreign relations unless they are immediate and pressing. Canada, moreover, is a democracy which has had little experience of foreign affairs. The first glorious burst of sovereignty which took her to Paris in 1919 was not followed

by a consistent attention to the issues of foreign relations on the part of either the Government, Parliament, press or public. It is unfortunate but true that Canadians as a whole do not consider themselves as intimately concerned in such matters; and Ministers who are not obliged by parliamentary curiosity to divulge their views and actions in foreign affairs do not go out of their way to tread on difficult and controversial ground. On one side this curious lack of interest arises from the absence of tradition and from a carry-over of the former colonial status; but there is also a more concrete cause to be found in the not uncommon belief that Canada is in a position of special security.

It can hardly, indeed, be denied that such is the case. With the only land frontier out of military consideration, Canada assumes the position of an island—and even better than an island. For it is commonly felt that the policy represented by the Monroe doctrine applies in some degree to Canada, and that the United States, in her own interest, would regard with high disfavour the control or occupation of Canadian soil by a great Power. If the American-Canadian frontier is incapable of defence from the Canadian point of view, it is almost equally so from the American. No political arrangement in North America could be so favourable to the security of the United States as the present one.

Canadian opinion shares to some extent the feeling for North American isolation that is more clearly held by her neighbour. Although she has important trade interests in many parts of the world, Canada has no tradition of "foreign entanglements" (except with the Commonwealth). The average Canadian feels that, however involved and menacing may be the state of the world, his country is in no apparent danger of attack, and therefore need make no preparations, either by national defence or by alliances. It has been suggested, indeed, that the Pacific coast is a potential zone of danger, in that any

conflict between the United States and Japan might involve the Pacific coast of Canada as a scene of aerial warfare. Such a possibility, however, is generally felt to be remote; and whether or not it enters into the speculations of the strategists, it has at present little or no effect on governmental policy.

It has been said that the issue of imperial defence is one on which Canadian opinion is much divided. There are in Canada "imperialists" of the Right and nationalists of the Left, and there are groups representing every shade in between. There is no such thing as a Canadian attitude towards the Commonwealth, except a predominantly friendly one towards the existence of the Commonwealth in substantially its present form. There is, however, a strong body of opinion which regards as unthinkable any kind of Commonwealth co-operation that carries with it, implicitly or explicitly, the obligation to take common action in case of war or threat of war. The same people would fully acknowledge Canadian obligations to the League of Nations for similar common action. This school of thought appears to be growing in size and influence. On the other hand, there are Canadians who view the matter quite differently, and believe that Canada would be serving her own best interests if she acted in concert with the other members of the Commonwealth in foreign affairs. It may be that the issue has to be forced; it may be that the escape from the imperial dilemma by way of the collective system is now closed. But it is clear that serious division of opinion can hardly be avoided in Canada if her Government must decide whether or not to throw in her lot in a military (and therefore political) sense with the Commonwealth. The greatest danger is that this country should find herself forced to make an impossible choice between co-operation with her oldest partner and continued good relations with her friendly neighbour.

Canada.

November, 1934.

THE THIRD LEAGUE OF NATIONS

THE League of Nations, as conceived in the minds of its founders, never saw the day. It was intended, above all, to be universal in membership, but this ideal was first postponed by the omission of the ex-enemy countries, and then smashed by the abstention of the United States. The League that actually came into being has changed its essence so vitally from period to period as to make it possible to speak of the first, the second, and now the third League of Nations.

I. The League, 1919–34

THE first League was very different from the vision of the idealists. True, it set out with high aims—some of them, perhaps, too high for practical marksmanship—and with enthusiastic hopes among its constituent peoples. But Germany was outside, Russia was outside, and the United States was outside, while even among the members of the League there soon appeared a critical rift between those who took an "idealist" and those who took a "realist" view of collective security. Great Britain and the Dominions regarded the League as a means of ensuring that there would be no more war—a goal which had become for them almost an article of national faith. To France, on the other hand, the League was designed to secure to the victors in the late war the fruits of their victory, and to ensure that when the next war came the supremacy would lie with the victim of aggression—that

the big battalions would be on the side of God. Much time was taken up in the life of the first League with problems born of this conflict. First the Draft Treaty of Mutual Assistance and then the Geneva Protocol fell to the ground, partly by reason of their inherent defects, but fundamentally by reason of the reluctance of British public opinion to commit this country in advance to another war to end war.

In these circumstances, the League not unnaturally took the character of a policeman in French uniform, supervising the political reconstruction of Europe. Its chief practical function, apart from providing the world's statesmen with a common meeting-place, was to express the will of the former Allies that peace should be maintained on the basis of the treaties, while molten Europe settled into its new political pattern. The wars that were prevented or stopped by League intervention were but the sparks from the still smouldering embers of the war, and they were treated as sparks, not as new conflagrations. French hegemony, inside and outside the League, counted for more in the stabilisation of Europe than did any abstract reverence for the rule of law. Beyond Europe, the League was of less importance than the independent power and policies of the British Commonwealth and the United States—regulated, as they were, by the Washington treaties, and inspired by a profound disillusionment with war.

The second League began with the signature of the Locarno treaties and the admission of Germany to Geneva in 1927. Thereby the Powers acknowledged, in effect, that the period of virtual armistice was over, that Germany was no longer the vanquished villain, but was to be accepted on a footing of equality, and that the reign of mutuality had begun in Europe. French hegemony, though real enough, began to fall into the background of high politics, more especially as British sympathy clearly lay with Germany rather than with France after the Ruhr episode. While, at the outset of the period, the Dominions

re-emphasised their isolationism by refusing to sign or be bound by the Locarno guarantee pact, Great Britain herself had thereby acknowledged in practical form her inevitable concern with the affairs of the Continent. The gap between the realist and idealist conceptions of the League did not seem now to yawn so widely as in its earlier days.

Though there were many difficulties and setbacks, this was indeed the happy youth of the League of Nations. Disarmament, it is true, made little constructive progress (except at the London Naval Conference), but at least among the common peoples of the world the hope of disarmament was strong; and among them many, it seemed, were ready to go much further in that direction than their leaders would take them. No major international crisis broke the calm. Italy, whose bellicose posturing had so alarmed her neighbours in the earlier period, muffled her sabre-rattling and spoke peaceably with the world. It was a time, too, of economic revival and prosperity, which the League itself helped to promote by its essays in financial reconstruction. To crown this era of trust in a future of peace and plenty, the Kellogg Pact, renouncing war as an instrument of national policy, was signed in 1928 by every great nation in the world. That consummation, however, could not have been brought to pass had not Germany already been restored to the comity of nations, and had not European relations already been based in growing measure upon the principle of peaceful adjudication and mutual aid. Thus the Peace Pact itself was the fruit of Geneva achievement as well as of American idealism.

Why did this structure break down, and hope give way to despair in the dark years after 1931? There were many contributory and connected causes. One great member of the League having disregarded the principles and treaties to which she had freely subscribed, the impotence of the League outside Europe became painfully manifest. Japan's defection became an additional excuse for the procrastination over disarmament, which, on top

of the internal upheaval in Germany, brought about the latter's resignation. A third cause of trouble was the failure to solve the financial and economic problems arising out of the war. What part the world economic depression played in causing or aggravating the political difficulties it is hard to assess, but it is certainly not altogether a coincidence that the troubles of the League thickened as the economic slump grew deeper, and that with the first signs of recovery a new orientation is apparent in international affairs, and a new era of the League's history seems to have begun.

II. The New Europe

THE defection of Germany, following upon that of Japan, marked, perhaps, the nadir of the League's fortunes. These very troubles induced a favourable reaction in other directions. The growing menace of Japan on one flank and Germany on the other helped to bring Russia to Geneva. Her admission at the fifteenth Assembly is the most important forward step in the history of the League since the entry of Germany in 1927. It does not, of course, outweigh the loss of both Japan and Germany; nor can it compensate for the deflation of the League's popular prestige after the Manchuria affair. It does little or nothing to break the disarmament impasse. But happily there are other favourable features in the League's position to mitigate the pessimism that we would otherwise be compelled to assume.

Just as the darkening clouds to east and west hastened Russia's decision, so the difficulties of the Disarmament Conference inspired the most definite official acknowledgment yet made by the United States that she must play her due part in the collective system of maintaining peace.* Can we claim, in the result, that the United States is in closer and more permanent co-operation with the League

* See the speech by Mr. Norman Davis at Geneva on May 22, 1933, quoted in The Round Table, No 96, September, 1934, p. 709.

than before? Her membership of the International Labour Organisation is, of course, all to the good. Mr. Norman Davis's statement, negative as it was, went far towards scotching the ancient bogey of the freedom of the seas in the event of a League war. Through the mouths of Mr. Davis and Mr. Stimson the United States has publicly abjured her potential claim to the strict rights of neutrality whenever the Kellogg Pact is violated. She reserves to herself, it is true, the prerogative of deciding who is the aggressor (that is, of endorsing or rejecting the decision of the League) and of making up her own mind what coercive measures are necessary. But do not we make, in practice, the same reservations? The Dominions, at least, regard themselves as no more automatically pledged to hostilities than does the United States, though their appreciation of their positive international duties is fuller than hers.

The American Government and people are preoccupied to-day with their internal problems, and are more than ever reluctant to commit themselves to foreign entanglement. Their isolationism is enhanced by the clamour of European dissidence that meets their suspicious ears. Europe, it grows plainer every day, must settle her own security problem upon lines of mutual assistance before she can count upon the effective guarantees of the British Commonwealth, let alone those of the United States. Neither we nor they will fight just for someone else's frontiers. We may fight for a pacific ideal, for a system of maintaining world peace that has secured our allegiance, but not for the mere preservation of treaty conditions, some of which are of doubtful worth. For the more particular and local details of security Europe must devise her own system of mutual guarantees and pacts of non-aggression. If on such a basis the disarmament of the heavily armed Powers can be begun, then and only then will the English-speaking nations be found willing to give, and if need be to carry out, pledges that they now rightly withhold from an armed camp.

The material for a European security system has changed almost out of recognition in the last two years. This alone would justify speaking of a new League of Nations. In almost every instance the source of the changes in international relations can be traced to the Nazi revolution. Austria, who in 1929 had to be restrained by legal process from economic *Anschluss* with Germany, and even in 1932 had to be financially tempted to reaffirm her intention of maintaining her own independence, now resists with the blood of her people, though not at the point of actual war, the absorptive ambitions of the third Reich. The aftermath of the Dollfuss assassination showed Germany that the Powers meant business by their pledges to support Austria's independence. Italy, once attracted to Germany by their common antipathy towards France and their complementary interests in south-eastern Europe, and later by the fraternity of two dictatorships, now finds in the threat to Austria a grave and continuing obstacle to alliance with the Reich of Herr Hitler.

If, as a result of the Italo-German breach, Italy and France were to bury the hatchet, the peace of Europe would be inestimably strengthened; for the rivalry between the two great Latin Powers spreads far beyond their direct relations with one another. It has hitherto obstructed the permanent pacification of central Europe and the Balkans, where almost every country could count on one or other as its patron, and adopt a correspondingly intransigent attitude towards its neighbours of the opposite group. As a recent writer in The Round Table put it,

> The Balkan problem was never as great a danger to Europe as the European problem has been to the Balkans.*

The improved relations between France and Italy, the common reaction to the Nazi menace, the progressive policies of Turkey and Russia, and the spontaneous efforts of the countries concerned to secure by diplomacy what

* See The Round Table, No. 93, December, 1933, p. 75.

reliance on force endangered rather than protected, have worked a remarkable improvement in the relations between the countries of central and south-eastern Europe. A separate article would be needed to detail the progress of the Græco-Turkish pact, the Balkan pact, and the Litvinov protocols between the U.S.S.R. and her western neighbours. As far as Franco-Italian relations are concerned, Jugo-Slavia is the key, since she is the particular ward of France and the natural rival of Italy across the narrow Adriatic. The abominable assassination of King Alexander has made it peculiarly hazardous to forecast the future of his country. The internal Jugo-Slav conflict projects immediately into foreign affairs; for the dissatisfied elements naturally use as bases for subversive plans those neighbouring States whose unfriendly outlook upon Jugo-Slavia encourages a lenient treatment of her political refugees; and thus her relations with Italy and Hungary have been continually fed with poison. On the Regents at Belgrade, therefore, hangs as heavy a responsibility for the fate of Europe as upon Signor Mussolini and the statesmen of France.

More definite, if not eventually more important, than the changes in *haute politique* on the Danube and in the south-east has been the shift in national alignments in northern and central Europe. Only a couple of years ago the bloc of France, Poland and the Little Entente Powers seemed indissolubly united. The only apparent rift was the growing reluctance of the common folk of France (as shown especially in the general elections that returned M. Herriot to power) to guarantee to the letter the indefensible territory and privileges of distant Poland. The Franco-Italian rivalry helped to cement the pro-French bloc, but still more important was common opposition to Germany and to her contingent allies in a war against the peace treaties, Austria and Hungary. Russia had definitely to be described as an antagonist of the French bloc, for not only did she menace the eastern frontiers of Roumania

and Poland, but she was on friendly terms with Germany and could be expected, if ever there were another war with the central Powers, to seize the opportunity of feathering her own nest at the expense of Germany's enemies.

By a succession of events the scene has now been entirely changed. Bloody from the fight against communism in Germany, the Nazi régime was openly hostile to Soviet Russia. Herr Hitler, anxious to free his hands for internal tasks and for the pursuit of a strong foreign policy towards the heavily armed western Powers, made his peace with Poland by signing a ten years' non-aggression pact. General Pilsudski, it seems, had simultaneously determined upon a new policy of international insurance for Poland. Pent between two such formidable Powers as Germany and Russia, she would be placed in grave peril by a European war, despite her French alliance. So long as Germany was weak and disarmed all was well, but with Nazi Germany fast rearming Poland made haste to put herself on friendly terms with the Reich, so as to be able to face Russia and Lithuania with comparative security. Poland's defection from the French bloc is unconcealed. She quashed M. Barthou's Eastern Locarno plan, and she openly flouted French policy at the League Assembly.

France, meanwhile, has also reorganised her security system by taking advantage of Russia's quest for western allies. The Soviet Union, faced with imminent threats in the East, was anxious to make friends with her western neighbours. The Litvinov non-aggression pacts were followed in natural sequence by the entente with France and the entry of Russia into the League of Nations. The U.S.S.R. has thus acknowledged herself, rather than the enemy of all, a part of the European security system. But Russia is much more than a European chessman. She is an Asiatic Power too, a neighbour of China and Japan, with a frontage on the Pacific. Her reconciliation with the United States was no less important than her subscription

to the Barthou plan for eastern European security. Russia is part of the world security system. Though without a substantial navy, she is an element in the oceanic power complex; for she threatens the landward flank of Japan, who must therefore always take her into account in her political and defensive policies.

The entry of Russia thus fortifies the League as an instrument both of European security and of a world-wide collective system. But the possibilities of degeneration are no less than the opportunities of progress. In Europe, with Germany out of the League, with the attitude of Poland uncertain and that of Italy openly sceptical, and with Russia's intentions still suspect, the League might all too easily develop as the engine of the new French system, just as it was once very largely the engine of the old one. Nothing can prevent such a development, indeed, save the honest intention of European statesmen to base their foreign policies on the League and on the principle of mutuality that the Covenant embodies. Sir John Simon rightly insisted that this should be the condition of British support for the Eastern Locarno, and any attempt to substitute for that abortive plan a limited association directed against excluded Powers would be wholly disastrous.

Outside as well as within Europe, opportunities are matched by dangers. If Japan chooses a career of selfish national aggrandisement, the group opposing such a course must be as strong and united as possible; but fundamentally the more important task is to win Japan from chauvinism and to establish a Pacific security system with her as a partner rather than as the potential enemy. Though the Pacific security system must be subordinate to League principles, Geneva cannot—especially in the absence of Japan and the United States—spontaneously solve the Pacific problem. It is the same story in Latin America. The League could stop the miserable war between Bolivia and Paraguay at once if two conditions were fulfilled: if

the great Powers were loyally to co-operate in preventive measures, and if the South American countries themselves were to sit down together and honestly try to thrash out a solution of a problem that is theirs, not Europe's. The damage done to the League's prestige by the protraction of that war has prompted some critics to urge the formation of a separate Pan-American League on the lines of Geneva. But if such a Pan-American body could stop the Gran Chaco war, then the League could stop it to-day; for precisely the same conditions would have to be fulfilled, and, in addition, the non-American Powers would have to be separately canvassed. Japan's invasion of Manchuria violated the Nine-Power Treaty more decisively than the Covenant itself; yet it was the League, not a separate concert of Pacific Powers, that was called upon to exert its authority, however late and however vainly. Had the Pacific Powers been willing to arrest Japan's aggression, the League machinery was there to be used. The League is the necessary counterpart, not the alternative, of more limited systems of international security.

III. The Commonwealth and the League

If the League were but an instrument of European security, the nations of the British Commonwealth could not call themselves loyal signatories of the Covenant. Great Britain is indeed a European Power, a near neighbour of the great rival States into whose conflicts she seems fated to be drawn by the exigencies of her position on the Channel. In the Locarno pact she has expressed with all the emphasis of military guarantees her interest in maintaining the treaty position between those two great neighbours. But she has made equally plain to the world —never more decisively than in her comments upon the Barthou plan—that she will not otherwise take part in a regional scheme of security in Europe, nor become an

element in a European balance of power. Her membership of the League, as far as Europe is concerned, means this; every security arrangement that conforms to the spirit and the letter of the Covenant can count on the overriding endorsement of Great Britain and all other League members, based on their recognition that war anywhere may mean, sooner or later, war at their own doors, and that the greatest interest of all is international justice.

The other members of the British Commonwealth adopt the same fundamental attitude. While they have no such direct concern with European frontiers as Great Britain has, they add to their wider loyalty towards the collective system a special loyalty among themselves. When the League of Nations was first set up, it stood in their minds for an ideal of perpetual peace. They, more than anyone, repudiated the conception of the League as an instrument for securing victory to the right side in the next war. As they plainly declared in the Chanak crisis, they were through with war. Perceiving that, in Europe at least, facts were against this ideal of the League as for ever preventing war, Canada became apprehensive and sought to amend Article 10 so as to restrict sanctions to a regional basis. In general, however, the people of the Dominions had rolled up the map of Europe, and gave little consistent thought to problems of foreign affairs.

With the development of what we have called the second League this attitude was slowly modified. The admission of Germany and the improvement of European relations allayed some of the Dominions' fears. This, moreover, was the period in which their external autonomy was finally recognised in constitutional formulæ and applied in administrative practice. Departments of external affairs, diplomatic missions abroad and permanent representatives in Geneva, liaison officers and other machinery for the conduct of foreign policy, all helped to educate the Dominions in international affairs. Their interest in European problems became more critical, and they supported the

League all the more readily in that it offered them a forum for making their opinions known and felt in the world at large. But they did not think of war as imminent, or of the League as likely to require their military aid in the near future.

The time of troubles from 1931 onwards shook this apparatus of thought to its roots. The hot breath of war seemed to be upon every nation's shoulder. The Dominions, who had previously regarded war as mainly a European possibility, saw it now as the wolf at their own door. The League having apparently broken down, they, like most other countries, began to look more carefully to their national and imperial defences. On the other hand, they realised more keenly than ever before that the prevention of war needed a world-wide effort, which must take the form of a covenant of mutual assistance; and that the effort, whether through the existing League or another, might eventually require of them a war against war.

It is against this background of policy and ideals that the Dominions, and the British Commonwealth as a whole, look upon the nascent third League of Nations. We have the keys of peace in our hands. The security of the western world may turn upon the British nations' saying with a single voice: "Pledge ourselves to automatic guarantees we will not, but if any country persists in a policy of selfish and truculent nationalism it can be certain that our whole weight will be thrown against it in any resultant war." But if such a declaration is to have the effect that we desire, the nations of the British Commonwealth must be unanimous and united behind it.

Undoubtedly the Dominions take to-day a more realistic view of their potential obligations under the Covenant than they took a few years back. Far from weakening the Commonwealth bond, this deeper recognition of international responsibility has drawn the British nations closer together in the conduct of their foreign policy. Suspicion of British entanglement in Europe has diminished. The

problem of imperial defence is related more clearly than before, in Dominion eyes, to the duties of the Commonwealth in the preservation, not merely of our own rights and possessions, but of international justice and peace. The British peoples are united in their pacific ideals, in their belief that those ideals can only be achieved through a League of Nations, and in their refusal to form part—under cloak of the League or otherwise—of a balance of power. These fundamental tenets are shared by other countries, most notably by the Scandinavian group, whose influence at Geneva, when men like Branting and Nansen spoke on their behalf, was so wise and powerful in guiding the earlier destinies of the League. With such comrades, the British Commonwealth can determine, if it seizes its opportunities courageously, whether the third League of Nations will grow towards our ideals of world peace, or lapse into a mart of privilege and power.

INDIAN POLITICS BEFORE THE REFORMS

I. Congress and the Assembly Elections

BY the time this article is read the membership of the new Assembly will be known. The election is being fought, not with regard to any present functions or responsibilities of the Assembly, but on the general topic of constitutional reform and the future. The issues, according to Mr. Satyamurti, Secretary of the Congress Parliamentary Board, are " rejection of the White Paper, repeal of the repressive laws, and the convening of a constituent assembly to settle communal and other controversial matters." Among the notabilities already elected (in the absence of opposition) are the State prisoner Mr. S. C. Bose, Mr. M. A. Jinnah, Mr. Bhagawan Das and Sir Abdur Rahim. Especially keen and even acrid contests are proceeding in Madras city, where Diwan Bahadur A. Ramaswami Mudaliar, the Round Table Conference delegate, is opposed by Mr. Satyamurti, and in the Madras commerce constituency, where the Congress have put up another Chetty as the opponent of the President of the late Assembly, Sir R. K. Shanmukham Chetty ; this was a shrewd move, for in this constituency membership of the great commercial caste of south India could not fail to be an important asset in a candidate. Congress have scored some successes already through unopposed nominations, and seem certain to be strongly represented in the new House. Whether they will have a majority is difficult to predict, but so far as general constitutional matters are concerned the Congress view is likely to prevail.

It is otherwise where the Communal Decision is concerned. Incidentally it is in some respects unfortunate that this famous document should have been so generally referred to as an award. It did not profess to be an award but was, as its proper title implies, a third-party decision which was essential if constitutional progress was to be achieved. Misconceptions arising from the term "award" have been widely evident in India.

At the meetings held during the summer, it was decided that no Swaraj party as such should be formed to fight elections on behalf of Congress, but that this should be done through a Congress Parliamentary Board, with Dr. Ansari as president. Pandit Malaviya and he were appointed to choose the personnel of the Board. The most remarkable feature of these resolutions was that they contained no reference whatever to the policy of the Congress with regard to the Communal Decision or the White Paper. At once the suspicions of the Hindu Mahasabha were aroused. This body has never concealed its opposition to the Communal Decision, particularly to the allocation of seats in the Punjab and Bengal, and the omission of any mention of this topic in so important a pronouncement by the leading political party of India could hardly escape comment. Even at that early date the threat was voiced to run distinct Mahasabha candidates. These criticisms evoked from Pandit Malaviya a definition of the Parliamentary Board's attitude towards the Communal Decision.

> The Congress would not accept—even for a short period—the Communal Award, and its policy was to advocate a scheme of communal representation based on joint electorates with reservation of seats for minorities on a population basis, with a right to contest further seats.

This pronouncement in turn agitated the Nationalist Muslims, who held that if the Congress policy was to reject the Decision, then no accession of orthodox Muslim votes could be expected to Congress or to its allies, the Nationalist Muslims. Members of this group and others published

counter-statements maintaining that the Decision was binding on the Congress, on the ground that Pandit Malaviya himself was among the signatories of the manifesto to the Prime Minister that produced it; these objectors took up in effect the attitude embodied in the Decision itself, namely, that it should hold till the communities concerned were themselves able to devise an agreed alternative.

Tempers and suspicions had alike been roused by the time the Parliamentary Board held its first meeting in mid-June, and differences of opinion arose at once over the form of resolution on the Decision. Pandit Malaviya and his adherents strongly favoured rejection, pointing out that otherwise Congress would lose many votes to the Mahasabha. The Nationalist Muslims, on the other hand, declared that if this line of action were adopted Congress would lose what Muslim support it had without being able to affect the Decision. The outcome on June 18 was an extremely non-committal resolution of the Working Committee of Congress, declaring that in view of differences of opinion among the various communities "the Congress could neither accept nor reject the Communal Award so long as this division of opinion lasts"; representation of minorities in the legislatures was left to be determined by a "constituent assembly" elected on the basis of adult suffrage. It would be the function of this body to draw up an alternative scheme, and "with the rejection of the White Paper the Communal Award would also lapse automatically." The Committee did not indicate who would convene the constituent assembly or how this would be done, and the general interpretation of the resolution was that it had been made deliberately unprecise in order to avoid provoking Muslim resentment. An interesting rumour, never contradicted, had it that Dr. Ansari threatened to resign from the presidency of the Board should it adopt any attitude towards the Communal Decision other than that taken up by the Nationalist Muslims and himself.

Congress and the Assembly Elections

One early consequence of this *contretemps* was the formation by Pandit Malaviya and Mr. Aney of a distinct Nationalist party to fight the elections on the basis of rejection of the Communal Decision. It was announced at first that this party would be open to " Indians of all castes and creeds " ; this widening of scope was welcomed by various Hindu groups, and it seemed that by attracting support from non-Congress as well as Congress elements the new party might prove stronger than its parent. Probably because of some such fear, Congress pressure was brought to bear on the Pandit, who—not for the first time in his long career—changed his course and missed an opportunity. Membership of the new party was restricted after all to Congressmen, and the party itself was defined as merely a wing of Congress. Thereupon the Mahasabha decided to run its own candidates on an anti-Decision ticket.

As time goes on the communal issue becomes more, instead of less, prominent. On the solid matter of the Communal Decision the various party opinions are slowly crystallising. The Congress Working Committee resolution on this head has been very widely condemned. " You cannot reject the Communal Award by merely shouting at it," declared Mr. Satyamurti. This is eminently true, but his claim that the Congress attitude offered the only alternative has been received with some scepticism, not least in Congress circles. The Nationalists and the Mahasabha prefer to go on shouting. The Congress resolution chose the other path, probably in the hope that if the communal issue could be kept in the background till the elections were over the main purpose would be served, namely to secure the return of Congress nominees or allies in sufficient numbers to the Assembly. Once in the Assembly such a body would, it was hoped, be able to call the tune.

The resolution cannot be condemned offhand as a mere shirking of an obvious issue ; for it might be held to

illustrate a characteristic subtlety and an appreciation of the main purpose and of the tactics required to secure it. The ingenuous Pandit Malaviya and the communal Mahasabha have upset this scheme to some extent, but not altogether, and the avoidance of a complete rupture with general Mahomedan opinion will be of value to Congress candidates. As often happens in Indian politics, a clever design has been prejudiced by fatuous exposition; certainly some of the so-called arguments put forward in support of the Congress attitude were inept beyond words. The defence by Mr. Satyamurti, however, was an able piece of work. Any treatment of the Communal Decision apart from the White Paper means walking on a very slender tightrope, but he came near to success in his declaration that

> in practically agreeing to submit to the Award for the present and till it can be replaced by an agreed settlement or a decision of the constituent assembly—for this is the interpretation put upon it by all Hindus—the Congress has done nothing but what the Hindus must be prepared to do. . . . This position puts the Muslims on their honour. The vast majority of them believe to-day that they have got something very valuable under the Award. . . . They are now assured that they will not lose those gains . . . unless opinion develops strongly enough to get rid of the White Paper, with the lapse of which the Communal Award will lapse, or unless there is an agreed settlement.

In effect this statement accepts the Communal Decision *faute de mieux;* and although the speaker went on to discuss the constituent assembly as if it were the main plank in the Congress platform, this part of the scheme is probably little more than a cover for the Congress retreat. It is at least significant that the President's speech at the opening of the Congress session made no reference to it, while it has come in for much destructive criticism and ridicule in the press, notably in the *Leader* (Allahabad) and the *Amrita Bazar Patrika* (Calcutta).

It is important to bear in mind the conditions governing this electoral contest. In Great Britain the Government

of the day definitely fights an election; it possesses press organs and publicity staffs, and places its point of view with vigour before the country. With us, on the other hand, the Government does not fight the election. It possesses no body of devotees to man the hustings for it, no coteries of ambitious young men hoping for political office. Thus the odds are always in favour of any organised opposition; for in India more than in most countries a positive will outbid a negative, and to be on the offensive is more than half the battle. This illustrates one of the more unfortunate aspects of our present system of government by irremovable executive and irresponsible legislature, namely, that while the former does not have to plead with the electorate, the latter never has to bear the responsibility for operative decisions. Hence Congress will probably return a substantial number of members to the Assembly. On the other hand, again because of the lack of ultimate reality in the position of a member of the Legislative Assembly, parties once elected tend to develop fissures. Only the presence of a leader of the first rank will prevent the emergence of various others, to whom leadership of a little band of two or three is preferable to a common submission to an acknowledged chief.

These facts arouse some speculation on the possibilities of electioneering in the future. Representative government in its true sense requires a high standard in the electorate; a substantial proportion, though not necessarily a majority, should have devoted enough thought and reflection to the issues involved to affect the nomination as well as the final choice of representatives, and to inform with its understanding the resulting executive government. Even in Great Britain, facts sometimes err widely from this theoretical perfection, and the excessive power of the mere machine is plain; in some other countries the machine in one form or another is supreme. How will India fare? On the one hand, there is the proneness of Indian social life to faction, which in its way is a reflection of individuality;

for the factions arise not so much from fundamental points of dispute as from the personal jealousies of rivals. On the other, however, there is the striking mass loyalty of which Indians are capable when they find a leader who can touch their imagination. Again the emphasis is rather on the leader than the cause, for India will always prefer the man to the thing. In such conditions the Indian electorate would offer a heaven-sent field for the political caucus. The Congress even now illustrates this, as Mr. Gandhi's criticisms and suggested amendments testify.

The more theoretically perfect a system of voting, the more intricate it is, and the more, therefore, does it lend itself to manipulation by party caucuses. India is by no means unaware of this, and many a local election has seen skilful use made, for instance, of the cumulative vote to produce the maximum party result. The Chamberlain gospel of last century did not pass unobserved in this country, and the combination of a numerous and illiterate or at least ill-educated electorate with any complicated voting system is bound to offer a wide opportunity for the organisation as distinct from the cause.

II. The Mahatma Takes Leave

MR. GANDHI'S present position might well be offered as a challenge to Juliet, for in his name there still resides a magic that no other in India can command. The reason has already been suggested in these pages: Mr. Gandhi is the only Congress leader with a genuine all-India appeal. Even those who chafe most under his leadership realise this, and some of the irritation detectable in Congress criticism may be due to the resentment so often aroused by the realisation of another's error and at the same time of one's own impotence. It is of the utmost importance to Congress to maintain its claim to be the single voice of political India. This claim

is open to serious challenge even now, but Mr. Gandhi's departure seems certain to weaken it still further; its collapse came near enough in any case when the Nationalist party revolted against the equivocation on the Communal Decision. Rabindranath Tagore has proclaimed that despite a " very definite " disagreement with Mr. Gandhi on some basic ideas " it is he and he alone who has vitalised India's political life. . . . His premature retirement at this critical juncture would be nothing short of a national calamity." This expression of disagreement with particular Gandhian policies and at the same time of a conviction that his leadership is vitally necessary has been echoed in many quarters.

On October 16, however, Mr. Gandhi seemed to close this issue by announcing his intention to retire from Congress after its meeting at the end of the month. His frank statement of reasons has a psychological as well as a political interest. Mr. Gandhi is not the ordinary politician by any means; votes alone are not enough. His motto might be expressed as : " It's your hearts I want." Not perceiving any sign of heartfelt Congress belief in the *khadi* franchise and spinning qualifications that he had advocated, he preferred to step down. Few dictators would, or could, act thus. But as dictator also the Mahatma is *sui generis*. He took advantage of his announcement to comment in outspoken terms on various defects in Congress methods and organisation. He stressed in particular the need for a return to genuine regional representation based on genuine membership, and the elimination of what he termed " bogus delegates." In making these proposals and criticisms he was carrying on a policy of plain-speaking initiated some time ago. Of recent months Mr. Gandhi has come in for a good deal of criticism at Congress hands, and his present exposition of Congress defects has its piquant side. No one, perhaps, but Mr. Gandhi would have ventured thus to proclaim to the world the defects of a very jealous and self-conscious organisation, and although the better organs have admitted the justice and timeliness

of the Mahatma's comments, there has been evident also a tendency to resent his appearance in this final rôle of candid friend.

Mr. Gandhi's retirement from Congress is not, however, to mean a removal from the effort and conflict of his former life into a region of contemplation or calm. He declares that he will devote his activities to forming and furthering an all-India Village Industries Association, as a more or less autonomous unit of Congress activity on the lines of the Spinning Association already in existence. He intends, apparently, to tour actively in connection with this venture, and he will clearly use his popular appeal to the utmost to further its ends. There are not wanting critics who say that in this, as in other cases, the Mahatma is showing the guile of the old and experienced warrior, he is, they say, retreating from a poor position in order later to come in again with redoubled authority at a suitable moment. It is true that Mr. Gandhi touring the country, erecting these associations and enlisting congressmen to work them, will with difficulty be distinguished, in the simple village mind, from Congress in its general sense. He has proclaimed that he will be at the service of the Congress for whatever advice or assistance he can render, and there are indications that these will be freely sought.

It may be doubted whether it is psychologically possible for Mr. Gandhi to retire in any real sense of the term. If it could be prophesied with certainty of any man that he would die in harness it might be of the Mahatma. He seems compelled by some inward urge to a constant physical and mental activity, preferably in the form of direction of others. The position of a nominal political leader *vis-à-vis* so powerful and so long acknowledged a personality as Mr. Gandhi's would not be easy, and a not unlikely outcome would be that Mr. Gandhi would exercise indirectly no less influence than he has hitherto exercised as the admitted leader of Congress. Some are inclined to write him off as an ingenuous idealist; this view is superficial

and inaccurate. Idealist he is, and ingenuousness is not absent from his composition, but the two qualities by themselves remain a very inadequate description of a puzzling idiosyncrasy. The Mahatma can observe accurately and reason closely, but not all his political conclusions are the result of observation and reasoning. Some are "felt" rather than excogitated, and argument and justification follow instead of preceding decision. In him we can see the hereditary acumen of his merchant caste, shot through but never eclipsed by strange reflections of a mystic other-world.

III. The Re-making of Politics

THE meeting of Congress at Bombay this month is the first since Karachi in 1931, and almost the jubilee of a body which has had a more chequered history than any political organisation of comparable age. Elaborate preparations were made to create a city within a city, and the papers have been full of the special amenities to be provided in Abdul Gaffar Nagar, as the Congress township is termed. In any case, this meeting would have been of the utmost importance as a pointer to the likely attitude of Congress and Nationalist candidates and voters for the Assembly, and to future Hindu-Muslim relations; but with the announcement of Mr. Gandhi's intention to retire from leadership it has taken on added importance. If an Elisha is to be forthcoming to his Elijah, the succession ought to be apparent or at least indicated now, if Congress is to retain the singleness of appeal and direction it has hitherto looked upon as essential.

It cannot be said that there is as yet in sight anyone obviously indicated as the Mahatma's successor. It is a question, not of electing a Congress president by a majority vote, but of finding someone who can be generally regarded and accepted as its leader and voice. There are many before the public eye, but none with more than a regional

or sectional appeal. Pandit Malaviya is a man respected and liked on all hands, but he could never fill this bill. He is, despite his advanced age, full of enthusiasms and activities. He might be termed Congress's most prolific builder of bridges in the political sphere, but few of his bridges have had a long life. The recent fiasco over his candidature for the Allahabad-Jhansi constituency, where his nomination was disallowed owing to the absence of his name from the electoral roll, was in a way characteristic of the Pandit, and a good many shoulders were shrugged at the lack of practical sense and forethought that the omission displayed. Jawaharlal Nehru is in some ways a name to conjure with in Congress circles in India, but it is difficult to avoid the impression that for not a few Congressmen he is rather a liability than an asset. His very advanced views are looked upon with suspicion and fear by the strong propertied and professional element in the Congress. In any case he could never exercise the compelling charm of a Gandhi. Rajendra Prasad, the Congress President of the moment, is a man of capacity and power whose influence in the Congress world will probably steadily increase. He is, however, no spellbinder and will never sway millions. S. C. Bose has the glamour attaching to a State prisoner but not very much else. Mr. Satyamurti is an able and fluent debater but will never command general liking. Among Muslims the elusive personality of Mr. Jinnah is prominent. He has been already elected unopposed to the Assembly, and if he takes his parliamentary duties seriously he should play a prominent part in its activities, for his talents are peculiarly suited to the destructive criticism of a front Opposition bench. The choice of a suitable Muslim as leader would help Congress and the Nationalist parties generally in their effort to retain the wider appeal by which they set such store. It is unlikely, however, that in present circumstances the Hindu element would agree, and the suitable Muslim has yet to appear.

The Re-making of Politics

Among recent portents which may acquire an increased prominence as a result of this session of Congress is the development of the Socialist party. This in years, or rather months, is a young affair, but it has come to stay. While it owes much to the impetuous advocacy of advanced doctrines by the rather doctrinaire Jawaharlal Nehru, it is now well established as a distinct entity, though so far under the Congress wing. How long it will remain even nominally a part of Congress is another matter. Some of its leaders have already seen fit to attack with vehemence such prominent Congressmen as Vallabhai Patel for lack of respect to the Socialist movement. It was perhaps significant of their attitude towards the present Congress scheme that their denunciation of the Sardar took the form of an intimation that the Socialist party wanted no "would-be Hitlers."

It may seem strange that India should have taken so long to develop a class-conscious Labour or Socialist party. One explanation is to be found in a circumstance that has evoked much of the more favourable comment of those who have examined India's industrial position, namely, the great extent to which Indian labour retains its connection with the villages and village life. In other words, a genuine proletariat, in the sense of an industrial labour force divorced from any rural basis, has hitherto been an element inconsiderable and of slow growth. There are indications that it will soon be no longer inconsiderable and that its growth is being accelerated; certainly if India's population is to go on increasing at the rate of 10 per cent. per decade the advent of a powerful class-conscious Labour movement can only be a matter of a few years.

Can this growing Socialist party remain within the embrace of Congress? The answer seems certainly no, unless the Congress, in its pursuit of catholicity, is to give up practically all attempt to remain a conscious and unified party. At present the Socialist aim is the infiltration and ultimate capture of Congress and its machine,

rather than the erection of autonomous Socialist parties. This cuckoo strategy indicates a certain subtlety and grasp of realities, which incline the observer to wonder who inspired it; to judge from their utterances and actions there seems little reason to give any of the present Socialist leaders the credit. However that may be, Congress has taken a curious nursling to its bosom and will probably one day regret its hospitality. The Socialist party has yet to throw up any leader of capacity or general acceptability, and arguments and programme have so far been alike crude and unformed. On the political side the tendency is to outcry the Congress, but in other directions the movement may take as its first target the capitalist and landed interests that have tended to dominate Indian policy, and have been so powerful hitherto in the Congress itself.

The Mahatma's departure from Congress marks the end of an epoch. His feel on the Congress pulse has never been surer; for while affection, admiration and even awe still inform the average Congressman's attitude towards him, there is no longer the unqualified acceptance of his views or even the disposition to prefer acceptance of these views to severance from the Mahatma's leadership. Mr. Gandhi, in fact, has chosen his moment of exit well, and he leaves Congress with considerable dignity and, one might say, with all the honours. He has held together under the Congress banner a heterogeneous association of personalities, motives and interests. It is unlikely that anyone else will achieve this *tour de force*. The different and even conflicting interests that so far have been able to march more or less in step in the Congress ranks will probably diverge at no distant date, taking their own path and seeking their own ends. In other words, the steady approach of the reforms is exercising its disruptive effect on the Congress, rather as a powerful magnet operates on the heterogeneous bodies brought within its range. Commercial and political ambitions conceived on modern lines are being extracted from the Congress amalgam by

the reforms magnet, which is now so close at hand. And thus Mr. Gandhi's departure from Congress takes its place as a symptom rather than an isolated event.

The decision of the Justice party in Madras to admit Brahmins to its membership is another symptom. It is an interesting sign that this Madras party, which in its origins may be not unfairly described as anti-Brahmin rather than non-Brahmin, should have gone the full course and admitted the one-time feared and suspect Brahmin to its numbers. Whether many of that caste will, in fact, join is an open question; but the change in principle is evident enough and might be termed another indication of the trend towards reality in Indian party formations; it may be that in this politically most advanced Indian province something in the nature of a genuine Liberal or Radical party is in process of formation.

Taking a long view, it might be said that the confusion and clamour of the present political scene are really the outward indications of the birth pangs of something approaching genuine parties in India. Whether the resulting organisms be viable or stillborn, some kind of parturition is unmistakably in progress.

The reforms and their attendant circumstances, such as the Communal Decision, are playing the part of the "steele glas" which in the legend showed the truth as distinct from the illusory reflection. So long as opposition and aspiration were matters merely of rhetoric, the Congress platform could contain many and various planks. Now that realities come steadily closer, some of these planks will have to be removed if the platform is to stand the strains imposed upon it.

India.
October 29, 1934.

GREAT BRITAIN: POLITICS AND ECONOMICS

I. Labour Successes

IT has been an uneventful quarter in the realm of politics. Parliament has been on vacation for the greater part of the time; the report of the India Joint Select Committee has been in the final and most secret throes of gestation; even the ravening Sir Oswald Mosley has done little more than keep alive the public interest in British fascism. There has been no repetition of the mass violence of the notorious Olympia meeting,* though various cases of rough play in which blackshirts were involved have come before the police courts. It is, perhaps, significant of the British attitude towards dictatorship that a number of fascist members were reported to have resigned from the party because headquarters were too insistent on their own way and would not let local supporters think for themselves. Great public interest and even apprehension were aroused by a grand fascist rally held in Hyde Park on September 9. The official Labour organ urged its readers to stay away, lest the anti-fascist cause be discredited by broils and violence; the left wing organisations, however, defiantly arranged a counter-procession and platform. Six thousand police were mustered in and about the park, but as they outnumbered the blackshirts by more than two to one, and the counter-demonstrators by an even higher proportion, the great concourse of interested outsiders saw little but the backs of

* See The Round Table, No 96, September 1934, p. 857.

the cordon of policemen. Much more penetrating than either speeches or songs or catcalls was the drone of the police auto-gyro that hovered overhead. The whole affair was orderly, unexciting and more than a little ludicrous.

Meanwhile the cry of "fascism" continued to rally opposition to the Incitement to Disaffection Bill (the Sedition Bill).* Protests against what is described as an assault upon liberty and upon the principles of English law have been many and well favoured; but while the Government accepted still more moderating amendments before the Report stage was over, they held to their main point that the Bill was necessary, and defended liberty by meeting the attack of anarchy. It obtained a third reading in the House of Commons on November 2, by 241 votes to 65. Sir Donald Somervell, the Solicitor-General, who has added greatly to his reputation by his conduct of the debates on the Bill in association with the Attorney-General, defended it with considerable cogency.

> No inference (he said) could be drawn from the mere holding of a political opinion, however extreme, that the holder was a man intending to incite soldiers to disobey their orders. If that inference could be drawn it could only be drawn from evidence apart and wholly different from the political opinions which a man held. The necessity for supplementing the existing law arose from the fact that in recent years incitement had taken an organised and documentary form, and the Government could not accept the view that they should wait until a serious situation had arisen.

The necessity thus pleaded by the Government has been, it would seem, a politically unfortunate one for them. This is the kind of measure which, however sound, rallies no votes and may lose many. The Government can certainly find little cause for jubilation in recent electoral events. The Labour party won back seats at the only two by-elections of the quarter, North Lambeth and Swindon. The former seat had been held by the late Mr. Frank Briant, a Liberal, whose personal popularity counted for more in the

* See The Round Table, No. 96, September 1934, p. 858.

constituency than party allegiance. The Labour candidate, Mr. G. R. Strauss, who had sat for the constituency in 1929-31, was opposed at the by-election by a Liberal, by a National candidate of a Labour turn, and by an Independent who secured only a handful of votes. He received 11,000 votes, against 5,000 for the Liberal and 3,000 for the National Government man. At Swindon, Dr. Addison, who was Minister of Agriculture in the Labour Government of 1929-31, likewise won back the seat that he then held. In 1929 some 7,000 votes had been cast for a Liberal candidate; at this by-election, in the absence of a Liberal, the Labour vote was up by 4,000 on the 1929 figures and the Conservative vote by 3,500. As far as this evidence goes, the former Liberal vote to-day splits very evenly between the Government and the Opposition.

Even more encouraging to the Labour party than the by-elections were the triennial elections on November 1 to municipal councils throughout the country. In London, which already has a Labour county council, the party now controls 15 out of 28 boroughs—one more than in its former boom period of 1919-22. The Labour sweep spread over the greater part of the country, and several important municipal councils will be ruled by Labour majorities for the first time. In about 100 of the chief towns Labour's net gain was 195 seats, against net losses of 96 by the Conservative parties, 69 by the Independents and 30 by the Liberals. Every one of the Communist candidates who stood in various parts of the country was defeated. Another striking feature of the returns was the complete disappearance of the Progressive party (Liberal) in London, where it formerly held 56 seats, including the majority in one borough. Progress, it seems, is not progressive enough for a large number of voters in their present mood.

II. Party Conferences

THE aims of the self-titled "parties of progress" may be illumined by linking with Sir William Harcourt's famous aphorism, "We are all socialists now," the remark of a latter-day wit that "progress is getting to the same place, only faster." How fast, and by what route, we are to progress toward the modern utopia of a planned economy is perhaps the most fundamental issue of current politics. The diehards drag at the tailboard of the chariot of state, calling out for skidpans and locked wheels to check a career in which they descry a fearful, facile descent into perdition. The mass of Conservatives, grumbling at the jolts and fearful at the hazards of the journey, would prefer the caravan to rest, lest worse adventures befall them. Mr. Harold Macmillan, on this matter the acknowledged spokesman of the "young Tories," is eager to push on, steering the errant wheels, however, into the less perilous path of industrial self-government. The Liberal party approves the bit and bridle of sound finance and freedom of trade; but whither the steeds of present-day circumstance could be driven in this harness, from our actual stage on the path to socialism, the members of the party do not seem to have decided with complete unanimity.

The Labour party is no less divided than its rivals upon these questions of pace and itinerary. The greater number of its supporters, especially the trade union element, much prefer a steady trot to the furious driving into which a minority would goad them; meanwhile they seek gradually to oust the "capitalist classes" from the more comfortable seats in the conveyance, even though this re-disposition of the load may over-burden the horses and brake the advance. The Socialist League, headed by the egregious Sir Stafford Cripps, frets at such sluggish

caution, and demands that the horses be whipped up, lest even with Labour at the reins the equipage gain too little momentum to top the steep mount of vested interest—political, financial and industrial—that guards the promised land. The Independent Labour party, impatient with the halting journey and sceptical about the ability of so laden and lumbering a cavalcade to ascend that steep incline, preaches progress *per saltum*; the drayhorse of evolutionary advance must be replaced in the shafts by the Pegasus of bloodless revolution.

The I.L.P. is but a handful to-day, excommunicated from the official Labour faith; and the heresy without is of less immediate political importance than the schism within the party. The popular fancy has been attracted by the match between the David of the Socialist League and the Goliath of the Labour party executive, though it was to the public relief that scriptural history was not repeated in this analogy; for the incautious utterances of Sir Stafford Cripps had lent plausibility to the charge of fascist intentions—than which there is to-day no unholier sin in the decalogue of British democracy. The Labour party conference at Southport early in October decisively rejected the amendments to official policy put forward by the Socialist League. The latter, for instance, proposed that compensation to previous owners of a nationalised industry should take the form of terminable income allowances, without any provision for capital repayment, save in the case of working-class funds, trust funds for socially useful purposes, and individual cases of proven hardship. Against this, the executive recommended full compensation on the basis of "net reasonable maintainable value," and they carried the day by 2,118,000 votes to 149,000. Mr. Morrison, defending the official policy, frankly declared his opportunism.

> We have still (he said) to get the consent of the people, and it is perfectly legitimate to consider the electoral repercussions of any policy. We have got to state not only what we want but what

we expect the country to accept. . . . Workers are more concerned about their little investments than are capitalists about theirs. . . . It is better to carry through these changes on the basis laid down by the executive than by putting the fear of confiscation into the hearts of thousands of people on whom we rely to give us control of the country.

An equally significant issue upon which the Socialist League was defeated was that of the management and control of nationalised industries. The League demanded, for the test case of iron and steel, organisation under a government department with a responsible Minister at the head. The executive, on the other hand, strongly backed by the trade unions, proposed the model of a public corporation which should be only indirectly under parliamentary control. Fabian socialism, by all appearances, has been "taken for a ride."

On the general attitude of Labour towards foreign policy the critical debate had taken place, not at Southport, but a month before at the Trades Union Congress at Weymouth. There, a spirited attempt was made to obtain the reconsideration of that section of the General Council's report which dealt with the use of the general strike in the event of war. The Council had firmly rejected this traditional socialist plan, declaring that

the responsibility for stopping war ought not to be placed upon the trade union movement alone. Every citizen who wants peace and every other section of the Labour movement must share the responsibility of any organised action that might be taken to prevent war. . . . Development of the collective system is the only policy that holds out any hope of producing a warless world, of preventing war by organising peace.

The Trades Union Congress having repudiated the general strike in favour of support for the collective system (which, of course, might involve a "League war"), the party conference naturally followed suit; the minority, however, on both occasions included the Miners Federation, which is committed to the principle of the general strike. Mr.

Ernest Bevin, who is as much the great panjandrum of the trade union side as Mr. Morrison is of the political side of the party, declared at Southport that to support a League of Nations without being prepared to take action to help it in certain eventualities was like joining a union and refusing ever to strike—"a moral position that was indefensible."

While the Labour party was trouncing the Left, the Conservative party was having considerable difficulty in staving off the attack of the Right. The diehards, not without reason, claimed at the party conference a great success in their campaign against the White Paper policy for India. Sir Henry Page Croft moved a resolution declaring that "the partnership of Britain and India in the central government of the Indian Empire must not be dissolved," to which an official amendment was tabled asking for suspension of judgment until after the Joint Select Committee should have reported. The platform won the day only by the attenuated margin of 543 votes to 520. The proportion of votes mustered by the minority against what they describe as the gagging policy has steadily risen in the last eighteen months. A fair test, however, of the Conservative party's views on the India problem has yet to come. Not merely did no member of the Government speak against the diehard resolution at the party conference, but when, on the following day, Mr. Baldwin addressed the conference he made no reference to the India issue. This self-denial by the leaders may have been both honourable and, in the long run, sound strategy, but for the moment it heartened their critics and discouraged their supporters.

In view of the trend to the Right that seemed to be displayed at the Conservative conference, it was, perhaps, a little surprising that so much applause should have been given to a plea by Sir Edward Grigg—a former Liberal member and one of the earliest advocates of a National coalition—for an effort to retain the allegiance of those who

had voted for the Government at the last election because it was "National," not because they were Conservatives. If it is true—and there is considerable evidence for the belief—that the electorate desires a bold programme of social reconstruction, then the aim of retaining the great "floating vote" does not seem to have been appreciably furthered by the proceedings of the party conference, which was not much occupied with such matters. Mr. Garvin, the editor of the *Observer*, as is natural in the biographer and disciple of Mr. Joseph Chamberlain, begs Conservatives to throw themselves with fervour into a campaign for the abolition of the slums, if they are to have a chance at the next election.

The latest plans of Sir Hilton Young, the Minister of Health, to end the scandal of overcrowding have been received with hope mingled with scepticism. He proposes to introduce legislation making it a legal offence to overcrowd a house in excess of a statutory standard; the defence that overcrowding dated from before the commencement of the Act would hold good only until reasonable alternative accommodation had been provided by local authorities. The latter would be called upon to discover by intensive survey the actual need for houses to remedy overcrowding, and to make up the deficiency with state assistance. This would take the form of an Exchequer subsidy for a term of years for each dwelling provided under the Act. Nothing less was contemplated, said the Minister, than the rebuilding on modern lines on a large scale of the bad cores of wage-earners' dwellings in the towns. How quickly local authorities can be induced to provide the vast number of houses or flats required is a matter of some doubt. Unless there is to be a great advance in the present rate of building and rebuilding, the plan seems to resemble too closely an attempt to solve the unemployment problem by making it illegal to be out of work. The slum clearance campaign initiated by the present Government is plainly encountering many obstacles. The plans that were drawn

up by the local authorities under pressure of the campaign envisaged the demolition and replacement of 285,000 houses in five years. In the first eleven months of the scheme the number of houses constructed was fewer than 13,000, and 15,000 seems to be the maximum we may expect for the first year. The average rate of building over the remaining four years must therefore be no less than 67,500 if the programme is to be carried out.

III. Economic Improvement

THE Government pin much of their hope of future electoral success upon economic improvement, which, in spite of occasional hesitations, has been fairly steadily maintained. At the end of October, the number of registered unemployed was 179,118 lower than a year before; and the September figures had shown a decrease of over a quarter of a million compared with September, 1933. The greatest improvement has been recorded in the engineering trades, in which unemployment has fallen by nearly 54,000. Although the coalmining figures received a sharp setback in October—production having been accelerated previously in anticipation of labour troubles, which are now for the moment happily out of sight—this industry also shows a decline of nearly 50,000 in unemployment since 1933. Other industries at the top of the list are shipbuilding, iron and steel, and the metal manufacturing trades. At the other end, the woollen and worsted industry has the melancholy distinction of recording an increase of over 12,000 in registered unemployment. Other consumption goods industries also lagged behind the average, but the economists give us theoretical reasons for believing that the revival of these trades will follow at second remove that of the industries producing capital goods, a supposition which seems to be borne out by the recent statistics of retail trade.

Economic Improvement

A still more favourable light is thrown on the condition of the labour market by the numbers of people employed. At September 24 there were 10,243,000 insured persons in employment in Great Britain, a figure higher than had been recorded at any time since November, 1929, and only 73,000 fewer than the maximum of the years of relative prosperity. Unfortunately, the latest returns show a fall of 37,000 in the numbers at work between September and October.

The overseas trade returns have recently given a certain cause for anxiety. In the first nine months of the year, whereas imports rose by £49,000,000, or 10·1 per cent., compared with the corresponding period of 1933, exports (including re-exports) rose by only £23,000,000, or 7·6 per cent. Thus the adverse balance of commodity trade increased by £26,000,000, chiefly on account of the greater absorption of raw materials. The improvement of industries like rubber and base metals should increase our "invisible exports," in the shape of interest and dividends received from abroad, but the process of liquidation, conversion, repayment and re-sale has reduced such receipts from other overseas investments, and we obviously have no margin in hand for re-lending. The trade figures are a warning that only within fairly restricted limits can industrial revival continue on the strength of the home market alone.

One favourable by-product of increasing imports has been the greater yield from customs duties, which in the first half of the financial year was nearly £4 million higher than in 1933–34, though the estimate for the whole year had only been advanced by £4½ million. Income tax showed an increase of £7·5 million, against an estimated fall of £9·4 million for the whole year, but the comparison is complicated by a change in the dates of collection, which caused an estimated loss of £12 million in the first half of last year. On the whole, the figures of revenue so far vindicate the conclusion drawn at the time of the budget, that the Chan-

cellor was under-estimating his prospects, perhaps deliberately. In the second half of last financial year an interim deficit of £48 million was turned into a surplus of some £30 million; this year a deficit of £54 million has to be made good, and there seems no reason to doubt that this will be done with something to spare. The figures of expenditure, however, are not as reassuring as those of revenue. In the first six months, supply services cost £5·9 million more than in 1933, the year's estimate having been raised by £10·8 million; and most of the increased expenditure that has been incurred since the budget will fall with greater severity in the second half than in the first half of the fiscal year. Moreover, the international situation is such that our defence expenditure may again have to be increased before the next budget.

IV. The Depressed Areas

WHILE the nation as a whole is plucking up economic hope, and certain of the more fortunate industrial areas are enjoying something like a boom, there remain parts of the country without hope, and with little of their former industry left. They are, broadly speaking, the former centres of coal and iron mining and of the associated heavy industries, on which our national economic fortunes used to rest. Last April the Government appointed commissioners to investigate the condition of four such depressed areas, and to recommend what might be done to alleviate their lot. The districts and the commissioners were: West Cumberland and Haltwhistle (Mr. J. C. C. Davidson, M.P., Chancellor of the Duchy of Lancaster), Durham and Tyneside (Captain D. Euan Wallace, M.P., Civil Lord of the Admiralty), South Wales and Monmouthshire (Sir Wyndham Portal), and Scotland (Sir Arthur Rose).

The investigators were given the same general instruc-

tions but full liberty of treatment, and it was not to be expected that their reports,* which were published on November 8, should have been cast in an identical mould. The areas themselves have different characteristics which forbid uniform treatment. In Cumberland, while coal mining offers the most promise among the former leading sources of employment, the iron and steel industries have almost gone and the ports are in decline. In South Wales the trouble turns upon the loss of export markets for steam coal; in the western section of the area conditions are far better, simply because the market for anthracite coal, which is won there, has been well maintained. On the Tyne the initial responsibility lay with the enormous expansion of the shipbuilding and munitions industries during the war, leaving a peace-time legacy of excess capacity, bankruptcy and dereliction. Round about lies the Durham coalfield, the oldest great field in the kingdom, now a high-cost area unable to hold its own in an era of declining consumption and fierce international rivalry in the coal trade. The Scottish industrial area based on the Clyde has suffered from the general depression of the heavy industries—coal, iron and steel, shipbuilding and engineering—which, as the commissioner remarks, are largely interdependent; they are able to compete in world markets to-day only by dint of rationalisation which inevitably takes the form of economy in labour forces. The commissioners acknowledge that these four areas present a special problem, involving a national responsibility and calling for national action.

The possible forms of action mentioned by the commissioners fall into four groups: public works, the stimulation of new industries, transference of labour, and land settlement and afforestation. "Made work" of an uneconomic kind they unanimously pass over as a palliative limited in scope and short-lived in effect, but they mention specific public works, at present beyond the finances of the local

* Cmd. 4728.

authorities, which would bring an economic return, though this might not always be directly measurable. Such improvements—the enlargement and renovation of Whitehaven harbour, for instance, or the proposed road tunnel under the Tyne—would help in bringing new industries to the different areas, or in improving the fortunes of the old ones. On the prospects for industry the commissioners could not persuade themselves to be very hopeful. The vicious circle of social burdens and high rates, though broken by the derating of industrial property, still acts at least as a psychological deterrent, and the causes that produced the destitution of the former basic industries are still operative. But marginal efforts could be made, so the reports run, to attract industry, for example by the unification of cumbrous local government machinery, by the creation of development trusts to find capital for industrial units too small to appeal directly to the public capital market, and by the preferential award of government contracts to the depressed areas—admittedly a dangerous policy. The Government, as Captain Euan Wallace remarks, cannot remain impartial towards the location of industry.

Any large scale movement of population involves an immense waste of social capital Not only have houses, schools, roads, sewers, hospitals, etc, to be built in the newly settled area, but there must always remain a residue of persons who cannot be transplanted and must therefore become a charge upon public funds.

The most outstanding example of the movement of population to a new area is the industrialisation and consequent rapid growth of greater London. The evils, actual and potential, of this increasing agglomeration of human beings are so generally recognised as to need no comment.

It is suggested, therefore, that the time has come when the Government can no longer regard with indifference a line of development which, while it may possess the initial advantage of providing more employment, appears upon a long view to be detrimental to the best interests of the country; and the first practical step which could be taken towards exercising a measure of control in this direction would seem to be some form of national planning of industry.

This is a very striking conclusion to be served up by a junior member of the Government itself.

Yet whatever policy the Government were to adopt in this matter, its results would be slow and it could not undo the international forces that have blighted the basic industries. The most ardent fight against economic nationalism, perhaps the most obdurate of those forces, could not solve the problem of world excess capacity. On the most optimistic showing, there will be a surplus of labour in the areas reviewed even when industry has recovered the losses of the depression. The continuance of the activities of the Industrial Transference Board is urged by all four commissioners, though they recognise the grave difficulties that have been encountered, and though the recorded figures indicate that in proportion to the problem the gain is small. The reports admit, too, that migration, whether within Great Britain or beyond, robs the suffering areas of some of their most virile inhabitants, and leaves a growing burden to be borne by an ageing and decaying population. Nevertheless, the training and transfer of young people are acknowledged to contain the only hope for the more distant future. Meanwhile the industrial population must in some measure return to the land. Experience shows that the coal-mining villages furnish good and willing tillers of the soil, and even if the land will yield them but a poor living, it will give them an occupation preferable by far to hopeless idling. The commissioners elaborate in varying detail their proposals for stimulating re-settlement on the land. None of them, unfortunately, goes at any length into the general problem of markets, or into the relation between greater agricultural self-sufficiency in Great Britain and the economic nationalism that is so deeply responsible for the evils they poignantly describe.

The Government's policy for the depressed areas was revealed by Mr. Neville Chamberlain on November 14 in a debate on the commissioners' reports. Transfer of

workers under 35 would be pressed forward. More provision would be made for industrial training for the unemployed. Special grants would be allotted for catchment boards to carry out drainage schemes, and priority might be given to road improvements and other normal public works in the depressed areas. Besides these augmentations of orthodox and existing means of assistance, two commissioners—unpaid at their own request but working full time—would be appointed for England and Wales and for Scotland. They would have a wide discretion in the organisation of schemes of economic development and social improvement, and in the settlement of men on the land. The sum of £2,000,000 would be paid into a special fund for their purposes, until the next budget, when a formal estimate could be laid before Parliament. The lukewarmness of the reception accorded to this pronouncement is in effect a tribute, not to the inadequacy of the Government's policy, but to the obduracy of the problem itself, and to the sense that any measures that it is open to the Government to take must inevitably fall short of a complete solution.

IRISH FREE STATE: THE SPLIT IN THE OPPOSITION

I. "United Ireland"

POLITICAL interest in the Free State has recently shifted from the Government to the Opposition. Important and serious political developments have arisen out of the internal dissensions of the United Ireland party, which has, in fact, ceased to justify its title. The reasons for these disputes, which culminated in the resignation of General O'Duffy from the leadership of the party on September 22, have been well known, if not publicly proclaimed, for some time past. When the coalition between the Centre party, representing the large farmers, the Cumann na nGaedheal, or Cosgrave party, and the Blueshirt organisation (then called the National Guard) took place twelve months ago, the leaders of the Centre party, unfortunately, objected to Mr. Cosgrave's becoming the leader of the new party, and the latter, most patriotically, relinquished his undoubted claims to that position in favour of General O'Duffy, who had recently become the leader of the Blueshirts.*

The gallant General had, as it turned out, not only no political experience—a want which time and common sense might have supplied—but little discretion, a defect impossible to cure. He is one of those people, possessing boundless energy but ill-directed enthusiasm, who so often come to the top in a revolutionary struggle, but who are unable to adjust themselves to the more prosaic requirements of ordinary political life. He is also much too genial

* See The Round Table, No. 93, December 1933, p. 171.

to fill the rôle of a Mussolini, which his admirers thrust upon him. As head of the Civic Guard, he had acquired the reputation of being a good organiser, though how far this was due to expert assistance from more competent people it is difficult to say. "But," like Lord Lundy in Mr. Belloc's poem, "very soon his friends began to doubt if he was quite the man." As he had no seat in the Dail, his public pronouncements were limited to platform speeches throughout the country, and, although it was obvious for some time that they were severely edited by more experienced politicians, he frequently managed to escape his mentors' control and to make extempore speeches of an irresponsible and exuberant kind. These outbursts, which naturally delighted the younger and less thoughtful members of the League of Youth, the Blueshirt organisation, were a constant source of embarrassment and dismay to Mr. Cosgrave and the more sober and experienced leaders of the United Ireland party, and it was plain for some time that relations were becoming strained between these two elements.

In addition, both the professional politicians and the General had been persuaded by clever university professors among their advisers to adopt in haste a rather amorphous political programme which aimed eventually at creating here a corporative State on Italian lines, the implications of which were neither fully considered nor completely understood. It ought to have been clear that a policy of this nature, based on strict discipline and envisaging a complicated social organisation, was not likely to appeal to our easy-going people, whose political movements have always proceeded on the principle of *solvitur ambulando*, and who strongly dislike modern bureaucratic methods of government. Some sympathy must certainly be felt for General O'Duffy, who thus became the advocate of a policy which he did not originate, and which he probably accepted rather as a means to an end than as an end in itself.

But the final differences were due to something more than his personal idiosyncrasies. During the months of August and September, certain sections of the younger farmers and Blueshirts began to get out of control, using direct action to impede the officials who were trying to collect the overdue land annuities and rates by legal process in the shape of forced sales of seized cattle. In many places where it was known that a seizure of cattle was about to be made, roads were blocked by felled trees and barricades of stones, and telegraph wires and poles were cut down, causing serious inconvenience to the general public; and on at least two occasions the express train between Cork and Rosslare was seriously delayed. The farmers also attended the auctions of the seized cattle, and sought by public demonstrations to intimidate any possible purchaser. The Government, to counter this procedure, employed special purchasers, probably detectives or political adherents, who, under assumed names, bought in the cattle and exported them for sale in England under special licence. Since it would have been impossible to sell them in Ireland, in this connection the English market is still valuable to Mr. de Valera.

These events reached a serious climax at a sale of seized cattle in Cork city on August 13, when a lorry containing about twelve men, driven at a furious speed, crashed through the barred and guarded gate of the yard in which the sale was taking place. The lorry clearly broke into the yard for the purpose of admitting the crowd of enraged farmers outside, in order that they might attack the purchasers of the cattle. It had no sooner come to a standstill than fire was opened on the crowd with revolvers and rifles at almost point blank range by armed detectives within the yard. The firing continued for several seconds; one man, a farmer's young son called Michael Patrick Lynch, was killed, and five others were wounded by bullets. The detectives who fired were not members of the ordinary police force, but belonged to the special

corps popularly known as the "Broy Harriers," who were specially recruited last year by the present Government for political purposes. Fierce hand-to-hand fighting then broke out between the large force of police and the farmers, who were armed with sticks, resulting in minor injuries to about thirty other people. Finally, the troops were called out from Cork barracks in full war kit, with steel helmets and tear gas, but fortunately their assistance had not to be invoked. It is quite clear from the evidence given at the inquest that there was no necessity for this murderous fusilade, and that the police never really lost control of the situation; but it is equally impossible to justify the action of those responsible for driving the lorry into the yard, which was the primary cause of the whole affair. The funeral of the victim was, of course, made the occasion for a political demonstration, but the jury at the subsequent inquest refused to apportion blame, and brought in an open verdict which reflected non-partisan public opinion on the matter. The leaders of the United Ireland party did not, unfortunately, condemn these illegal activities, which were not unlike the usual monkey tactics of the I.R.A. The Government took no steps to investigate the responsibility for the firing that took place, or to censure the detectives who fired.

The cleavage of opinion between the Blueshirts and the political wing of the Opposition became definite when the annual convention of the League of Youth was held in Dublin on August 19. It passed a resolution calling upon the farmers to refuse to pay their annuities, and the labourers to refuse to pay their rates, if the Government did not suspend the demand for payment. No responsible Opposition could, of course, countenance a proposal of this kind, which would make all government impossible. A proposal was also made, but not persisted in, for the separation of the Blueshirts from the United Ireland party and the resignation of General O'Duffy from the party leadership. On August 30 the executive of the United

Ireland party met in Dublin, and a long discussion on the general policy of the party and its internal organisation took place, after which it was announced that General O'Duffy had not pressed for the acceptance of the League of Youth's motion concerning the non-payment of land annuities, but that Professor James Hogan, one of the ablest members of the party, had resigned.

Professor Hogan, who holds the chair of history at University College, Cork, and who is a brother of Mr. Patrick Hogan, the Minister for Agriculture in the late Cosgrave Government, subsequently issued a public statement, in which he deprecated General O'Duffy's attempt to organise the Blueshirts in Northern Ireland in spite of the Northern Government's prohibition; this step, he said, ran entirely counter to the policy of persuasion and reason which he believed to be the only policy capable of success. He also objected to General O'Duffy's connection with the policy of advocating the non-payment of land annuities. He added that his resignation was the strongest possible personal protest he could make against the generally destructive, irresponsible, and hysterical leadership of General O'Duffy. The United Ireland party, he added, could have no future, and deserved no future, as long as General O'Duffy remained its leader.

In spite of official denials, it soon became apparent that these events were the result of serious internal dissensions, and little surprise was occasioned, three weeks afterwards, by the public announcement of General O'Duffy's resignation from the leadership of the party. It is understood that the immediate reason for his resignation was the insistence of the other members of the executive that he should not make unauthorised speeches. General O'Duffy, however, did not retire gracefully. A statement he made on his resignation seemed to imply that he had also resigned from the position of Director-General of the League of Youth, to which post ex-Commandant Cronin, the secretary and original founder of the Blueshirt organisation, was

appointed in his place. This gentleman is both young and inexperienced, but is believed to have enough sense not to attempt political leadership. If he does, it may well prove a case of leaping out of the frying-pan into the fire. General O'Duffy's resignation was, however, more apparent than real. In a few days he announced that he was still Director-General of the League of Youth, and summoned the leaders of the organisation throughout the country to meet him in council. Subsequent statements issued by him and Commandant Cronin merely served to confound confusion; the only fact that emerges clearly is that a split in the Blueshirt organisation has taken place and that General O'Duffy is seeking the support of the extremer elements. In one country branch of the League of Youth all the women members decided to support the General, and all the men to support Commandant Cronin. Needless to state, the General is a bachelor and the Commandant is not. General O'Duffy is now engaged in organising a league of his own, and will, no doubt, find his political level in due course. Meantime a section of the large farmers continue to pursue their obstructive tactics as regards the payment of the land annuities, and it is not improbable that General O'Duffy will be succeeded by "Captain Moonlight" —a person of ill repute in Irish agrarian history.

All this leaves the Opposition in a pretty hopeless position. Mr. Cosgrave remains parliamentary leader, but has lost prestige. Mr. MacDermot, their best political thinker, is ill in England. For the present, at all events, Mr. de Valera remains the undisputed master of the political scene, and his opponents cannot hope to make any impression on him by the method of head-on collision, which seems to be their only idea of political tactics.

By an amusing coincidence the newspapers of October 1, which contained General O'Duffy's statement that he had decided to remain Director-General of the Blueshirts, and to sever their connection with the United Ireland party, also contained a report about the Republican

Congress, the communist seceders from the I.R.A., from which it appeared that this organisation had also split into two nearly equal parts, over the question whether its ultimate aim should be the establishment of a workers' republic or a united front against capitalism. So both communist and anti-communist alike remain Irish in their disunity. Students of Irish political news will soon require a pocket political dictionary in order to follow the names and aims of our various parties. Meantime, the extreme republican movement is becoming less anti-English, and more anti-capitalist. Mr. Maurice Twomey, the Chief of Staff of the I.R.A., indeed proclaims that the imperialist capitalist system is the real enemy. It is not improbable that, owing to the virtual impotence of the official Opposition, more and more of the bourgeois townspeople and the large farmers will drift into Mr. de Valera's party as their only hope of protection against extremer men, and that Mr. de Valera himself, supported by the mushroom profiteer manufacturers, who are the result of his tariff policy, will be forced further and further to the Right.

His recent speech at the League of Nations Assembly on September 12 is an example of this tendency. He asked that the question of the entry of Russia into the League should be dealt with frankly and plainly, and said he would be happier if Russia were to make universal those guarantees concerning religious freedom which she gave to United States nationals on resuming diplomatic relations with that country. The day had gone by, he added, when enlightened governments could continue persecution or denial of religious freedom. This speech, for which he afterwards received a special message of approbation from the Pope, gained him much praise in Ireland, where most people are entirely unaware that he subsequently voted for the admission of Russia to the League and its appointment to a permanent seat on the Council, an action which proved that he is a good diplomatist as well as a good Catholic.

Another sign that he does not intend to embark on any rash projects or to proclaim a republic immediately is the Government's re-appointment for three years of General Michael Brennan as Chief of Staff of the Army. General Brennan is the able and level-headed officer who has been principally responsible for the creation of that efficient and well-disciplined force, and who commands its entire confidence. He has consistently refused to allow it to be made a political instrument, and undoubtedly would not countenance its use for any unconstitutional purpose. For some time past there have been disquieting rumours that the Government intended to replace him by a purely political appointment. These are now happily dispelled, and the inference is that the Government do not intend to interfere with the army.

Their decision will be universally approved by everyone who desires the maintenance of order and stability. The Government have also wisely decided to restore the army pensions to those members of the Blueshirt organisation who had lost them in consequence of recent convictions by the military tribunal. Their new Military Service Pensions Bill grants pensions to all those who fought in the rebellion and subsequently opposed the Cosgrave Government during the civil war. This will increase the total cost of army pensions to £560,000 a year, but is a relatively small price to pay for keeping these ex-warriors quiet. The I.R.A., realising that this subsidy may sap the fidelity of its potential heroes, has forbidden its members to accept what it describes as "an attempt to buy off the hostility which exists against the rewarding and subsidising of treason." This last reference is a covert attack on the Government for continuing the civil war pensions already granted by their predecessors. They would, however, no doubt approve of Mr. de Valera's decision "in existing circumstances" not to send a delegate to the King's Silver Jubilee celebrations next year, although we are assured that this decision is based on purely political grounds.

Miss Mary MacSwiney (that sole depository of true Irish nationalism), probably alarmed by the recent not altogether groundless rumours of fresh negotiations with the British Government, has, however, reminded Mr. de Valera that the last word does not rest with him, and that none but those who stand with Wolfe Tone to break the connection with England will have this final word to say.

The triennial elections to the condemned Senate will take place this month, when twenty-three vacancies have to be filled by the Dail and Senate voting together under proportional representation. The Earl of Granard, Mr. George Crosbie, chief proprietor of the *Cork Examiner*, and Mr. Guinness of the brewery family are among those not seeking re-election. In a recent by-election Mr. Patrick Lynch, K.C., who, strange to say, was Mr. de Valera's opponent when the latter was first elected for Clare in 1917, and who was now the Government's nominee, was elected. Under present conditions it is possible that there will be defections from the Opposition, and that as a result Mr. de Valera will obtain a majority in the Senate. If this happens it is more than likely that the Upper House will be reprieved from the death sentence now hanging over it, because its merits as an asylum for political hangers-on will then outweigh its alleged defects. Meantime, it continues to amend legislation in a manner which certainly proves both the necessity for its existence and the incompetence of the Dail.

II. Economic Developments and Repercussions

While these interesting political events were taking place, Dublin, owing to a strike, remained for nearly ten weeks without newspapers. This dispute, which arose out of a demand for increased wages, could probably have been settled amicably without a strike but for the action of the compositors, who refused to set up a statement by the newspaper owners concerning the questions at issue.

It is believed to be one of the longest newspaper strikes that has ever taken place, and it caused serious losses to all concerned. The general public were not, however, much inconvenienced, as the English newspapers, broadcasting, and the *Cork Examiner* supplied a delayed news service. Strange rumours were, however, naturally rife. News such as the decision of Messrs. Guinness to open a new brewery at Park Royal, near London, did not lose in the telling. As some 14,000 people in Dublin depend for their livelihood directly or indirectly on this great industry, the consternation at this news can be imagined. It is by far the biggest industrial unit in the Free State. Fortunately, for the present, no serious dislocation of existing conditions is contemplated, but nevertheless it is a warning of what might well happen if the Free State were to secede from the Commonwealth; for in that event this great firm would, for fiscal reasons, undoubtedly have to remove most of its business from Dublin.

Another and more satisfactory result of the Government's policy is the prohibition of the importation of motor tyres, which has led to the Dunlop company's taking over the disused foundry of the Ford motor company at Cork as a tyre factory, under special licence. It is understood that some six or seven hundred people will be given work, but some hundreds of people at present employed by other tyre distributors throughout the country will, of course, lose their jobs, so that what we gain on the swings we may partially lose on the roundabouts. The importation of boots and shoes, except under licence, has also been prohibited. The next step will probably be the prohibition of the importation of assembled motor cars, which is intended to force the big English motor-car manufacturers to imitate the Ford company and assemble their cars here.

Meanwhile, our adverse trade balance has increased by £9,000,000 as compared with 1931. In order to cope with the cattle crisis, the Slaughter of Cattle and Sheep Act provides £400,000 for the supply of free meat to unemployed

persons, £150,000 for buying about 50,000 old cows, and £30,000 for a tinned meat factory. In order to increase the price of cattle to the producer, it has been fixed at the *minimum* figure of 25s. per cwt. from November 1. The administration of this measure will cost at least £60,000 a year; it will lead to the slaughter of some 250,000 cattle annually, and there will be an increase of at least twopence a pound in the price of meat to the general public. This measure was first suggested by the Labour party. Under the Tobacco Act recently passed, it is proposed to increase year by year the amount of home-grown tobacco we smoke, until eventually we shall be smoking " without knowing it " nothing but Irish tobacco. At the same time a considerable amount of the Government's present revenue will disappear in smoke.

We have now nearly reached the high-water mark of economic self-sufficiency, and it only remains to reap the results. Our present industrial revival is distorted by the fact that agricultural products have suffered the whole burden of the price reduction, and non-agricultural products little or none. In 1926, after buying about twenty millions' worth of imported goods, our farmers still had about twenty millions to spend on home industrial products and commercial services. At present price levels, even if we grow all our own wheat, our farmers, when export has come to an end, will only have about nine million pounds to spend on the home market. Actually, the disappearing export market still adds about twelve millions to the purchasing power of the agricultural community; industrial production is thus expanding to meet an agricultural purchasing power which is rapidly collapsing. As the *home market for food products cannot be quickly expanded*, a drastic curtailment of agricultural production is necessary. Mr. Joseph Johnston, one of our few independent economic thinkers, shows in a recent interesting article that the money receipts of Free State farmers have fallen from £32,188,000 in 1929-30 to £14,354,500 in 1933, and it is certain that they

will soon fall further. At present the farmers are drawing on the savings of past prosperity, so that the full effect is not yet apparent. The owners of the 7,947 holdings of over 200 acres in the Free State own more land than all the 259,662 holdings at the other end of the scale put together. This disparity in the division of land constitutes a great problem, which the virtual stoppage of emigration to America has intensified and aggravated; upon the small farmers the whole economic crisis and the English agricultural tariffs have fallen with crushing force. Unless the Government can keep them quiet by unemployment relief, grants, and subsidies, its policy of industrial revival will fail, and how long the country can stand the financial strain of these doles is problematical.

The present disastrous plight of the town of Cobh is a warning not to be ignored by the rest of the country. Situated on Cork harbour, its prosperity was based on its position as a port of call, its naval dockyard, the British naval and military garrisons, and the emigration traffic to America. One by one these foundations have been destroyed by modern inventions and political developments. Wireless prevented ships from calling for orders, the larger liners moved to Southampton, the Treaty of 1921 practically removed the British military and naval forces and closed the dockyard, and, finally, American policy stopped emigration. The town is now almost deserted, its business has fallen very considerably, and the ground landlord, recognising the tragic situation, has very generously submitted his rental to independent arbitration with a view to its reduction. Here is writing on the wall that all can see, and few can misunderstand. Our large country towns will eventually be reduced to the same condition as Cobh if we destroy the foundation on which they rest—a prosperous agricultural community.

The Irish Free State.
November 1934.

CANADA'S FOUR HUNDREDTH BIRTHDAY

AT the end of August, Canada celebrated the quatercentenary of the landing of Jacques Cartier at Gaspé in the mouth of the St. Lawrence. Mr. Bennett and other Ministers were present, and official delegations were sent by Canada's two mother countries, France and Great Britain, and by the United States. The spirit of the occasion is well exemplified in the following speech by the Right Honourable H. A. L Fisher, Warden of New College, Oxford, who with Admiral Sir Roger Keyes represented the British Government.

D'abord permettez-moi d'exprimer au nom de la délégation de la Grande Bretagne sa vive reconnaissance pour les paroles de bienvenue si charmantes et si généreuses que nous venons d'entendre, et de remercier à la fois les Gaspésiens et les Gaspésiennes qui ont tant fait pour ajouter au charme de notre fête de cet après-midi. C'était avec une émotion profonde que nous avons célébré cet après-midi le quatrième centenaire du jour natal d'une nation puissante, formée par la coopération de deux grandes races, de deux grandes civilisations créatrices et complémentaires. La gloire de Jacques Cartier est un trésor partagé entre le Canada, la France et la Grande Bretagne. C'est la possession commune de tout l'Empire britannique, et j'ose même ajouter, si Son Excellence le Ministre des Etats-Unis ne soulève pas d'objection, que si Cartier n'avait pas vécu et que, si par conséquent le Canada n'existait pas, sa découverte entrerait au premier plan dans le programme imposant du Président Roosevelt, tellement est-il essentiel au bien-être de la grande république des Etats-Unis qu'elle ait à côté d'elle un Canada indépendant, florissant et bon voisin.

Je ne suis pas qualifié, comme l'est si bien mon illustre ami et collègue, Sir Roger Keyes, pour juger Jacques Cartier comme navigateur, mais on ne peut pas lire le récit de ses trois voyages dans l'édition magistrale du docteur Biggar, érudit anglo-canadien qui a fait ses études à Paris et à Londres, sans subir l'attrait d'un caractère remarquable et attachant. Je me souviens d'un vers d'un poète grec: "La mer purifie les maux de l'homme." Cette

purification de la mer Cartier l'a subie, coeur simple, courage indomptable, droiture absolue, loyauté parfaite envers son souverain, foi religieuse simple et sincère, un don d'observation de menus détails qui paraît être très exact, la plume claire, sobre sans parure, telles sont les appréciations que je dérive de la lecture des récits du grand Malouin.

Nous faisons bien, Messieurs, de rendre hommage à ce grand bienfaiteur de la race humaine qui a écrit de si belles pages sur l'épopée des voyageurs français en Amérique, épopée qui dans son importance mondiale dépasse l'histoire des croisades.

Votre Eminence, puisque vous êtes à côté de moi, je vais vous faire une petite confession. Je suis né dans une petite île coloniale, dans une colonie normande qui s'appelle la Grande Bretagne, car dans le temps passé les normands ont colonisé cette île, et en toute franchise confessionnelle je dois vous avouer qu'ils nous ont conquis et qu'ils nous ont fait beaucoup de bien. Car les normands étaient des gens très sensés, très prudents. Ils se disaient : Voilà les Anglo-Saxons, un peuple rustre, lourd, mal organisé. La bière, qui est leur boisson nationale, est détestable et beaucoup inférieure à notre bon cidre normand. Pourtant ils peuvent avoir des mérites ; ils se sont bien battus à Hastings et ils ont montré une certaine ténacité

Qu'ils continuent à parler leur patois entre eux pourvu que nous ne soyons pas obligés de l'apprendre, qu'ils conservent leurs anciennes coutumes et leur ancien droit, tel qu'il a été écrit dans les codes anglo-saxons ; et c'est ainsi, Messieurs, que les normands ont pu garder l'Angleterre et que l'Angleterre a pu supporter les normands. L'Histoire ne se repète pas, mais elle se ressemble Des siècles passent La sagesse ne passe pas, de la sorte que nous voyons aujourd'hui un beau morceau de l'ancienne France, de la France de Louis XV, englobée dans une nouvelle nation canadienne dont elle fait une partie vivante et intégrale. Miracle de justice et de tolérance, direz-vous ! Mais non, Messieurs, dans la bonne politique, il n'y a pas de miracle, il n'y a que de la bonne morale et du bon sens.

Ayons le coeur simple, ayons le bon vouloir les uns envers les autres, cherchons les voies d'accord, élargissons les horizons de notre savoir et de nos sympathies En arrière les rancunes, les suspicions, les étroitesses et les petitesses de vue, que le courage envers l'inconnu de Cartier soit pour nous un drapeau et une inspiration ; et ne doutons pas que la paix de Dieu sera avec nous et que quoique dans telle ou telle partie du monde, tel ou tel Etat soit menacé par la confusion et la violence, les deux grandes démocraties anglo-saxonnes et françaises, qui feront l'avenir du Canada, resteront stables parmi l'écroulement des choses.

FINANCE AND POLITICS IN AUSTRALIA

I. Budgets and Borrowing

THE regular Premiers' Conference and Loan Council were held at the end of June, the one passing into the other with little more formality than a change of chairman. The main business was a consideration of government deficits for the past and coming years, and the financing of the latter. The loan requirements for the financial year 1934–35 were also considered and approved, but the details of the necessary loans were left to a later meeting of the Loan Council.

The financial situation was very much as had been planned in the previous June, except that the Commonwealth Government found itself in a very different position from that anticipated. At the beginning of 1933–34, the Government had in hand a surplus of nearly £5,000,000 on the operations of the two preceding years.* Taking—though with some blushes—a bold course, it proposed a large remission of taxation, together with some increase of expenditure, at a cost of £9,000,000 a year, and it reckoned on consequent deficits for the next two years, which would be just balanced by the surplus outstanding. The deficit for 1933–34 was estimated at over £1,000,000. It was suggested in these pages that the apparent rashness was considerably tempered by Treasury caution in the estimates of revenue, but the result has bettered the most

* See The Round Table, No. 94, March 1934, pp 403-408

optimistic forecasts. The Government found out of ordinary revenue £1,800,000 for wheat relief, for which no provision had been made in the budget; but instead of a total deficit of £3,000,000 at the end of the year, the actual result was a surplus of £1,300,000.

This result is due, broadly, to a moderate improvement in general prosperity in 1933–34, manifested in a higher level of consumption which gave nearly £3,000,000 in additional revenue from customs, excise and sales tax. Something was gained from lower interest rates on government borrowing, and income tax receipts, though based on the low incomes of 1932-33, were kept up by the payment of arrears. It is noteworthy that this was the first occasion for four years on which the amount of tax outstanding had decreased.

Commonwealth finance is, of course, the first to benefit by any general recovery, just as it is hardest hit at the first impact of depression. Customs, excise and sales tax are quickly and fully responsive to rises and falls in consumption, whereas direct taxation, on which the States mainly rely, may lag a year or more behind. State revenues gain something from increased railway receipts, but these depend largely on the prosperity of the wheat and butter industries, which are still extremely depressed. Some mitigation of the lag in State revenues has been attained by the taxation of wages and salaries at the source, but it was not to be expected that any of the State Treasurers would be able to display the sunny sense of virtue rewarded which pervades the Federal budget of 1934–35.

In fact, revenues in four States were further handicapped by an accidental and temporary cause, the failure of the wheat crop to move on account of persistent low prices. Nevertheless, State deficits at the end of June were reckoned at £440,000 less than the £8,300,000 that had been planned a year previously. Final figures have shown a further reduction to £6,900,000, owing to unexpected increases of revenue in June. In the end the net deficit for all govern-

ments was only £5,600,000; and as expenditure included about £8,000,000 for sinking fund payments, the total indebtedness was in effect slightly reduced on the year's operations.

For 1934–35, the prospects of the Commonwealth Government were bright enough. It proposed to divide a prospective surplus of £2,000,000 between tax reductions and some small restoration of salaries and pensions. In addition, it had £5,000,000 of surplus outstanding from 1932–33, £2,000,000 of which it proposed to distribute to help the States to provide employment for the young; and the remainder was to be put into a trust fund for defence expenditure. Little improvement, however, was visible for the States. Wheat and butter prices were at their worst in 1933–34, depressing income tax assessments in the present year. Wool prices had risen greatly from their low point, but were now falling rapidly, and it looked as if the temporary rise in 1933–34 had been largely absorbed in redressing the credit position of the woolgrowers, with little effect, direct or indirect, on current expenditure.

Further, it was to be expected that budget figures would tend to look worse, even without any deterioration of the true position. Temporary internal expedients of finance were becoming exhausted. There was, moreover, some movement of opinion, which must be considered healthy, towards bringing all losses boldly into the budget and not concealing or postponing them by manipulation of trust and loan funds. Further, it was growingly difficult to increase taxation when the Commonwealth was purring with self-approval over its own reductions; difficult also to resist demands for partial restoration of former expenditure, when the Commonwealth, the Arbitration Court, and business itself were all showing the way.

The States estimated an average improvement of 10 per cent. in income tax receipts in 1934-35, due partly to higher rates; a steady yield from other taxation; some increased returns from railways, partly off-set by higher costs; lower

unemployment expenditure; general government and social services at the same level; some relief from interest payable, but some decline in interest due and in receipts from miscellaneous sources. The net result was an estimated improvement of only £600,000 in total deficits of nearly £8,000,000.

This was not perhaps unreasonable, in view of the level of export prices, but the financing of the amount raised difficulties. The Loan Council proposed the issue of treasury bills, to be taken up by the Commonwealth Bank, with an understanding that a corresponding amount of bills should be funded during the year, so that the total floating debt should not be increased. This method of finance met with more than the usual resistance from the Bank board, and the negotiations that ensued seem to have left different impressions on the different parties to them. What emerged was :—

(1) A reduction of "agreed" deficits to £5,900,000, by the diversion of £1,500,000 to this purpose from the special Commonwealth grant for unemployment. (See above.)

(2) An undertaking by the Bank to finance this amount by treasury bills, provided that half of the amount would be funded within six months and the remainder within twelve months.

(3) A declaration by the Bank that in future it would not finance deficits even temporarily by treasury bills, except to the extent of the seasonal lag in revenue, and that it would not concern itself in future with the amount of deficits or with the methods by which deficits were being reduced.

It may be noted here that the economies agreed to under the Premiers' Plan of 1931 have been maintained, on the whole, without sensible mitigation. The cut in government salaries still ranges from 15 to 20 per cent. The number of government employees is still 10 per cent. less than in 1929-30, in spite of a 3 per cent. increase of population. In 1933–34 total payments of wages and salaries to all government employees were a little less than in 1932–33, and more than 25 per cent. below the cost in 1929–30.

The general question of treasury bill finance was referred

last year to a sub-committee of the Loan Council, but no report has been issued. The question of extending the market beyond the narrow field of the trading banks remains unsettled. Meanwhile, the Commonwealth Bank has entrenched itself by withdrawing its undertaking to meet treasury bills at maturity and to rediscount at a fixed rate. It will now fix the rate of rediscount at its discretion as the occasion arises.

In relation to loan expenditure, some change of attitude on the part of the combined Governments is to be noted. Victoria and South Australia retain a strong deflationary bent, while New South Wales and Queensland show an equal opposite tendency. The change to a Labour Government will not weaken the expansionist faith of Western Australia, but may make it more discriminating. The change of Government in Tasmania, however, marks a definite move from contraction to expansion in government finance. What is more important is that the Commonwealth, faced with a general election and 20 per cent. of unemployment, is feeling more strongly than heretofore the need for positive action.

The virtues and disadvantages of government expenditure for combating the depression and relieving unemployment have divided the governments in the past. At the June Conference it gained more general favour than before, and as budget deficits had been pent within an agreed limit the movement had to take the form of increased loan expenditure, financed by public loans. Loan expenditure, which was about £40 million in 1928–29, fell to less than £10 million (including the wheat bounty) in 1931–32. With reviving confidence and falling interest rates, it rose to nearly £16 million in 1933–34, and a further advance to nearly £23 million has been agreed to for 1934–35. This is the net figure, exclusive of considerable repayments to the loan fund.

Of the new moneys required, one-half were in sight, leaving about £12,000,000 to be raised by new loans. To

this must be added £6,000,000 for the retirement of treasury bills, so that internal loans of about £18,000,000 may be expected during the financial year. The prospects are that this sum will be readily subscribed at a rate of interest very little above 3 per cent.

II. The Wheat Commission

A ROYAL COMMISSION was appointed at the end of January to report on all aspects of the production and marketing of wheat, flour and bread. It was generally expected to furnish a report in time for the federal budget in August, and for consideration by Parliament in its closing session.

To deal adequately even with wheat alone was impossible in the time. By splitting into two and working at high pressure, the Commission completed a survey of all the mainland States and collected much of the necessary evidence by July, but there was no time even to compile the collected data, much less to draw conclusive inferences from them. Moreover, the federal electoral campaign in August created an atmosphere very unfavourable to calm consideration of a very thorny economic problem, and there was danger that extracts from the report, torn from their context, might furnish fiery political material. In these circumstances, not only is the report strictly an interim pronouncement, but it appears to avoid even a preliminary discussion of the main economic issues.

After a short historical introduction the report presents a broad survey of present wheat-growing in Australia. It then gives briefly its tentative conclusions on the cost of wheat-growing and on the debt structure of the industry—two vital matters which have long needed competent and thorough investigation.

It appears from the provisional figures that more than half the wheat-farmers have running costs (excluding

interest) of more than 2s. 4d. per bushel at the siding, which is the average price over the last four years. When interest is included, half the farmers cannot produce at 3s. These costs are net costs, after profits on sheep and other side-lines have been taken into account, and they allow a money wage to the farmer of only £125 per year.

The total of wheat-farmers' debts is reckoned provisionally at about £140 million, or about £10 per acre of crop, or nearly £1 per bushel of the average annual harvest; but the distribution is naturally very irregular, and a fair number of farmers have practically no debt. This capitalisation also covers the large number of sheep which are kept on wheat farms. To the actual debt must be added the depreciation of machinery and other assets, which have been allowed to deteriorate seriously.

The Commission has attempted in this report to state in broad terms the magnitude of the problem. For the present it makes only one recommendation of a fundamental character, although there are several others which are designed to hold the field until its investigations are completed. The major recommendation is that the principle of an Australian price for wheat consumed in the Commonwealth should be recognised. The provisional measures proposed involve a subsidy estimated tentatively at £4 million for the present season, but varying according to the magnitude of the harvest and the prospective market price.

If the coming harvest is an average one, which is extremely unlikely, the £4 million would bring the price realised by farmers up to 3s. 6d. per bushel at the ports (or about 3s. at the siding). This, it will be noted, is a price at which only half the wheat-growers can cover their costs. The Commission is therefore virtually asking the farmers to hang on, at a low standard of living, for another year: in one of its subsidiary recommendations it has urged the continuation of moratorium provisions so that there shall be no fear of harsh action on the part of creditors.

The Commission recommends that the assistance should be financed in part by a fluctuating excise duty on flour, which would implement the principle of the home consumption price, and for the rest from other revenue. Details are to be given in further recommendations, which will be made before the harvest, and comment may be deferred until the full proposals are before us. The language of the report, however, suggests a hope that this tail-chasing expedient of the flour-tax will not be adopted with too much enthusiasm. A raising of the home price to import parity might be useful in allaying a sense of grievance, without adding substantially to export costs, but the magnitude of the problem, when the present price of wool is considered, is far too great for such easy and ineffective expedients.

III. The Federal Election

THE campaign that preceded the federal election of September 15 naturally centred round the problem of Australia's recovery from the depression, the effectiveness of the steps already taken to promote it, and the policies that rapidly changing circumstances demand for the future. The *Sydney Morning Herald* declared categorically that "Australia has recovered from the depression," and United Australia party advertisements claimed that " Australia has been enabled to stage the most spectacular economic recovery the world has known." To do Mr. Lyons justice, it must be admitted that he pitched his own claims in a more modest key. He insisted, however, quite confidently, that as a result of

> sound government, sane management of finance, honest facing up to obligations and the determination nationally to do the right thing at all costs, Australia, having climbed out of the valley of gloom, is now approaching the sunshine of prosperity.

His policy had encouraged the growth of the tender plant

of business confidence, and it was essential, he argued, if recovery was to be maintained, that the business community should continue to feel the revivifying influence of his Government's care.

An objective survey leaves little room for doubt that there has indeed been a considerable recovery from the bottom of the depression. There has been a sensible upward trend in many of the important indices of business activity, though the improvement has not always been well maintained, and though there are still many serious elements of weakness in the foundations of the Australian economy. The importance that the individual attaches to these movements is, however, determined much less by their absolute magnitude than by his sense of relief at having escaped the worse disasters that he believed were threatening him. Mr. Lyons' claims made the strongest appeal to those who a few years ago were afraid of complete collapse. Those whose economic position is still extremely shaky, or who had not previously feared complete collapse, were less impressed, and to them the Opposition made a more effective appeal.

For the measure of recovery that has taken place Mr. Lyons may legitimately claim some credit. But the improvement is less than was confidently anticipated from the Premiers' Plan in 1931, and it is disputable whether the Premier has a sufficiently clear grasp of fundamentals to justify a hope that the mere continuance of his present policy will bring Australia back into "the sunshine of prosperity." The "economic blizzard" descended upon us like a bolt from the blue, and, quite unwarrantably, we have hoped that it would some time disappear in the same unpredictable fashion. That we ourselves may have done anything to prolong world depression, by our policy of exchange depreciation, by the continued production of unprofitable crops, and by our deeply rooted suspicion of foreigners, which leads us to regard the competition of foreign goods as something irrational and unnatural, are

ideas that simply do not find a place in the consciousness of members of the Government.

It is claimed that recovery is the result of adopting well-tried and traditional methods, whereas the actual breaches with tradition, in the shape of depreciated exchange, treasury bill finance, subsidies for wheat-farmers, and scaling down of interest charges, have been quite revolutionary. In Australia, as in many other countries, "sound" finance in 1934 is something quite different from "sound" finance in 1930, and still more widely different from "sound" finance in 1920 or 1910. The important trends in world affairs, of which the British Government's attitude towards the quota system and the general instability of the markets for primary products are obvious symptoms, call for a more penetrating analysis of the foundations of the Australian economy than Australian statesmen have yet for the most part been able to offer. Unless these trends are reversed, the claim that Mr. Lyons' policy has brought Australia safely through the depression may, as time goes on, become ever less plausible. Even those who are most enthusiastic in their praise of Mr. Lyons' policy in recent years may well entertain some uneasy doubts whether his policy is likely to adapt itself with sufficient flexibility and promptness to the needs of a new world.

In adapting its policy to meet a new situation, the Government is not a little embarrassed by the rash pledges given to the business community in the past against further experiments involving "government interference." Especially in discussions of the wheat industry, there have been hints that the Government would not be adamant in its opposition to further deviations from the path of rugged individualism, were it not that the Opposition would immediately exclaim, "That is exactly what we proposed years ago." It is true that circumstances sometimes do alter cases, and there is no necessary inconsistency in the view that a policy which was unwise in 1931 might be quite

sound in the altered conditions of 1934. " Circumstances alter cases " is not, however, the kind of rousing slogan that efficient propagandists are willing to adopt.

During the life of the last Parliament the Government lost for different reasons three of its outstanding members —Mr. Hawker, Mr. Bruce, and Senator Sir Walter Massy Greene. These have been followed by Mr. J. G. Latham and Senator Sir Harry Lawson, who, at the dissolution, retired from political life. In personnel the Ministry is incomparably weaker in council, in Parliament, and in administration than it was when Mr. Lyons came into office. It will gain an able, vigorous, and rather provocative personality in Mr. R. G. Menzies, K.C., who resigned the office of Attorney-General and the Deputy Premiership of Victoria in order to contest the seat vacated by Mr. Latham, and who has now succeeded him as Commonwealth Attorney-General. Mr. Lyons' parliamentary position also has changed for the worse.

In the last Parliament, the United Australia party enjoyed an absolute majority over all other parties, whereas in the new Parliament Mr. Lyons will need the support of the Country party if he is to retain office. In these circumstances the relations between the U.A.P. and the Country party assume considerable importance. Naturally enough, the Country party was not prepared to accept Mr. Lyons' naïve suggestion that the best way to secure co-operation was for the Country party to merge itself in the U.A.P. Its interests are sufficiently distinct from those of the powerful groups that support the U.A.P. to justify the maintenance of an independent organisation. Many farmers feel that for them recovery is still in a somewhat remote future. There are profound divergences of opinion regarding tariff policy; the efforts to work out an agreed policy for mitigating the burden of debt have so far been unsuccessful; and the small farmer finds it difficult to echo the exaggerated praise that Mr. Lyons has bestowed upon the Australian banks. Efforts were made, with more

or less success, to prevent direct electoral conflict between U.A.P. and Country party candidates, but the alliance remains a somewhat uneasy one, and many farmers are not altogether happy about Mr. Lyons' expressed determination to "hold the scales evenly between primary and secondary industries."

The Labour party, on the other hand, was thoroughly sceptical about the reality and permanence of the recovery that had been achieved, and argued that fundamental changes in institutions were necessary. Their attacks centred mainly upon the banking system, though they also appealed for support, especially in city electorates, as strong protagonists of a high tariff. All the talk about the restoration of overseas markets—of which Dr. Earle Page, and to a less degree Mr. Lyons, made so much—they argued, was futile. Australia must look to the development of her own home markets. To the farmer, Labour offered easy credit, controlled marketing and guaranteed prices. Efforts to close the gap between the Scullin and the Lang parties were unsuccessful, but there were no obvious fundamental differences between their declared policies, and there was a marked and perhaps significant absence of mutual recrimination in the speeches of the Labour leaders. Mr. Lang decided, at least for the time being, not to seek a Federal seat, but he directed with great ability the election campaign of his party, which was headed in the Federal Parliament by Mr. Beasley. If the policy speeches of Labour leaders are to be accepted as an adequate reflection of their minds, they have still not thought out in any systematic way the steps necessary for a thorough reorganisation of society upon a socialist basis. Their opponents allege that this is merely a blind. "Should the Labour party win the coming election," it was said,* "the 'capitalistic system' is to be overthrown and some form of sovietism substituted for it."

This view probably gave Mr. Scullin and Mr. Lang undeserved credit for clear thinking, and at least officially

* *Sydney Morning Herald*, July 26.

they pinned their hopes on credit expansion. "To meet the situation," Mr. Scullin declared, "the nation was not called upon to set up an organisation to increase productive power. The one thing lacking was money." According to Mr. Beasley, the Australian standard of living could easily be the same as it was five years ago; "all that is missing is the ability of the people to buy." Mr. Scullin accordingly proposed to abolish the board that controls the Commonwealth Bank, and under the direction of a single governor to initiate a policy of vigorous competition with the private banks, which would eventually drive them out of business; while Mr. Beasley wanted national control of banking, which "will ensure that the volume of purchasing power is maintained to absorb the maximum products of primary and secondary industries." In view of the fact that mild inflation has played some part in such recovery as has already occurred, and that all parties favour some extension of borrowing for public works, there is a certain embarrassment in wholehearted denunciation of inflation of any kind. The Postmaster-General, Mr. Archdale Parkhill, has announced that his party is "the party of real money," but it is obvious that for this purpose the definition of "real money" must be very elastic.

Attacks upon the banking system certainly sounded the dominant note in the campaign, and there was some danger that in face of these attacks Government supporters, placed upon the defensive, would be reduced to frequent repetition of the story of Mr. Lang smashing the New South Wales government savings bank, and of the horrors of uncontrolled inflation in Germany. "An attack upon the banks is an attack upon the savings of the people." * As one member seeking re-election put it, "if Labour gained the reins of office, there would be such a catastrophic upheaval as would mean the closing of the trading banks within six hours." Even from the low point of view of expediency in propaganda, it was doubtful whether such

* *Sydney Morning Herald*, July 23.

crude appeals to fear were profitable in the present state of Australian public opinion.

Although the Government sustained some losses in the elections of September 15, especially in electorates with a long-standing tradition of Labour representation, there will be a substantial majority of members opposed to radical innovations in the banking system of Australia. The losses, however, are sufficiently numerous to leave the Government directly dependent upon the support of the Country party, and the task of devising a policy in which Mr. Lyons and Dr. Earle Page, the Country party leader, can co-operate harmoniously is likely to raise some delicate issues.

The number of electors who refuse to obey the dictates of party organisers is great enough to render difficult any attempt at dividing the votes cast, under a system of compulsory voting, into two neatly classified categories, those who support the Government and those who oppose it. If the first count of Senate votes is taken as a rough guide, however, it becomes clear that a comparatively small movement, less than four per cent. of the total, from one side to the other would be sufficient to leave the Government in a minority. The method of counting votes used for elections to the Senate is such that even a party with a very small majority may win practically all the seats, and as only half the members normally seek re-election at the same time, the results of the Senate voting on this occasion will have an important bearing upon policy until 1940.

The electors as a whole being still so evenly divided, the future relations of the Scullin and the Lang Labour parties assume great political importance. Upon this problem the results of the election shed a somewhat uncertain light. The Labour gains were divided fairly evenly between the two parties, but the Scullin party received a further severe setback in New South Wales, where, apart from the three retiring members, and one or two other constituencies, the votes cast for the followers of Mr. Scullin shrank to an almost

negligible figure. Even the three retiring members lost a good deal of support, two of them being defeated by Lang candidates.

Douglas Credit candidates contested 36 seats in the House of Representatives, and Communists 21. Taking into account votes cast for Senate candidates, the number of Douglas Credit voters exceeded 170,000, while the Communist aggregate vote exceeded 70,000. No supporter of either of these faiths was, however, elected.

Australia,
September 27, 1934.

POSTSCRIPT

The result of the elections on September 15 was as follows (the previous representation is shown in brackets) :—

HOUSE OF REPRESENTATIVES

United Australia party	32 (38)
United Country party	15 (16)
Federal Labour (Scullin)	18 (14)
State Labour (Lang)	9 (5)
Independents	0 (2)

SENATE

United Australia party	25 (21)
United Country party	7 (5)
Federal Labour (Scullin)	4 (7)
State Labour (Lang)	0 (3)

It was announced on October 31 that Mr. Lyons and Dr. Page had agreed to form a composite Ministry, drawn from the United Australia and Country parties. The latter will have four places in the Cabinet, and Dr. Page, as Minister of Commerce and deputy-leader of the Government, will rank next in seniority to Mr. Lyons. Meetings of the two parties have endorsed the coalition agreement, though with dissentient minorities.—EDITOR.

SOUTHERN AFRICA: OLD SCORES PRESENTED

I. Fusion and Fission

THE political peace that followed on the coalition agreement between Generals Hertzog and Smuts has proved to be short-lived. The alliance itself, of course, remains unbroken; it has operated with remarkable smoothness, and the process of replacing it by the permanent "fusion" of the two great parties is now all but complete. But South Africa, more especially Afrikaans-speaking South Africa, has developed during its political history certain characteristics, which would appear to be as hard to expel as nature itself—*naturam expellas furcâ, tamen usque recurret.* One is the dominance of the personal element in politics, the tendency to follow a particular leader, and in doing so to ascribe to him all the virtues and to his rival all the vices. The other, associated therewith, is that determined individualism which survives from the days when a pioneering people spread sparsely over a vast land, so that both government control and voluntary co-operation came to be all but forgotten; throughout South African history this trait has evidenced itself in party instability and the splitting off of groups and factions.

Leadership is a factor of more than ordinary importance in South African politics. But while a leader may count on the almost passionate devotion of his followers, he can only count on it for a time. The essentially democratic South African (what is here said refers, of course, more especially to the Afrikaans-speaking South African) begins to wonder whether after all his leader is so much better than he is. The question comes to be asked: "Is not

this the carpenter's son? Whence then hath this man all these things?"—and with the appearance of a new leader there is the inevitable transference of loyalty. So it was with General Botha, as with many before him. So it is to-day with General Hertzog and his *fidus Achates*, Mr. Havenga. And that is why, though coalition put an end to a political struggle which was based largely on a personal feud between General Hertzog on the one hand and Generals Botha and Smuts on the other, it has initiated a new political struggle based in its turn on a personal feud, this time between General Hertzog and Dr. Malan. As a result, though Parliament is in recess, the political battle is being waged, over a large part of South Africa, as fiercely as ever in the past. The flood-gates of oratory have been opened; political meetings held in tiny villages are attended by gatherings of four or five thousand people, transported in many cases by motor lorries for hundreds of miles to vote for or against a motion of confidence; and sometimes unseemly disturbance is the outcome of the clash of all but embattled hosts.

The conflict is primarily among former followers of General Hertzog in the Nationalist party. As explained in the September issue of the ROUND TABLE,* a section of the Nationalist party has refused to go into the projected fusion with the South African party. It is led by Dr. Malan, the Cape Nationalist leader, and is therefore strongest in that province; but it also commands considerable support in the Prime Minister's own province of the Free State. It is chiefly in those two provinces that the battle has hitherto been waged. Both General Hertzog and Dr. Malan have been making tremendous efforts to consolidate their positions. The Prime Minister in particular has undertaken extensive tours, he has addressed meetings of a magnitude hitherto unknown in the country districts of South Africa, and at practically all of them he has had to meet with organised opposition, which has some-

* THE ROUND TABLE, No. 96, September 1934, pp 902-3.

times degenerated into sheer obstruction. Throughout, General Hertzog has vigorously defended the essentials on which the alliance between General Smuts and himself is based. He has maintained that he could not, in loyalty to South Africa, have rejected the hand of friendship which his former opponent proffered him ; he has insisted that the time has come for consolidating co-operation between English-speaking and Afrikaans-speaking South Africans ; and he has repeatedly declared his appreciation of Great Britain's magnanimity towards South Africa as consummated in the Statute of Westminster, insisting that on the basis of free association as now acknowledged it is the natural thing for South Africa to remain within the partnership of the Commonwealth.

He has been attacked chiefly on the grounds of a betrayal of his past. How, it is asked, can he co-operate with those whom once he so vigorously castigated—with old Unionists, survivors of the Milner school, with Hoggenheimer, who is the personification of the gold-mining capitalist, with General Smuts, whom an English newspaper has recently acclaimed as "England's great friend"? At the root of the opposition there is, of course, the old isolationism—the Afrikaans-speaking South African must keep himself "pure," he must not enter into the house of the stranger, in his distinctive unadulterated Afrikanderism lies his strength. And to that end the sentiments, nurtured in old hates, must be kept alive, and the banner of republicanism, if not actually unfurled, must at least be held ready for use as occasion may demand.

The question of most general interest which has hitherto emerged in the struggle of words is that of South Africa's position in the event of war. It is one on which General Hertzog and General Smuts are not entirely at one. General Hertzog has held consistently that South Africa has a right of neutrality—that it can remain at peace while Great Britain, for instance, is at war, and yet continue to be a member of the British Commonwealth.

General Smuts's view in the past has been based on the doctrine that if the King is at war all those who owe him allegiance are also *de jure* at war. The two Generals have, however, been disposed to regard this difference of opinion as of secondary importance—there is no difference between them on the primary point, that in the event of war the extent of South Africa's *de facto* participation is to be determined by South Africa alone. Their critics, however, have done their best to exploit their academic differences. They have also asserted with confidence that the present Government has in fact entered into various imperial commitments, pledging itself to active participation alongside of Great Britain in the event of war; and they have sought to support the assertion with evidence of all kinds, including that provided by Sir Maurice Hankey's brief visit to the Union on his way to Australia. The controversy has become so acute that, seemingly, nothing but the actual outbreak of war will resolve it. South Africa, in common with the rest of the world, hopes that it may be spared that test.

It is too early yet to say what the outcome of the struggle will be. It would seem that, taking the Union as a whole, General Hertzog has a substantially larger following in the old Nationalist party ranks than has Dr. Malan. In addition he can count on the support of the great mass of the South African party. His position is therefore a strong one. At an election Dr. Malan would not win more than a few seats. But General Hertzog himself started twenty years ago with but a handful of a party in Parliament—and in due course came to rule South Africa. The sentimental appeal is still a strong one, though perhaps not as strong as it was twenty years ago, and the Malanite faction of to-day may yet become the dominant party of tomorrow. But long-range prophecy is made more than ordinarily difficult by the uncertainty regarding the span of political life still left to General Hertzog, General Smuts and Dr. Malan (they are all in the sixties, and politicians

age quickly in South Africa), and by the importance of the personal element in our politics that has already been referred to. It is enough, perhaps, to be assured that for some years to come Dr. Malan cannot seriously threaten the Government's position. Generals Hertzog and Smuts clearly have the great mass of the country with them.

Moreover, the Union is probably as prosperous to-day as any country in the world. The expansion of the gold-mining industry, under the stimulus of the enhanced price of gold, continues—Johannesburg, which is soon to celebrate its fiftieth birthday, is growing as rapidly as at any time in its history—and the rest of South Africa cannot but share in the benefits. True, agriculture is not yet out of its troubles, and the threat of an unparalleled locust invasion hangs darkly over the land; yet the farmers also are in far better case than they were a year or two ago. There is nothing, therefore, it would seem, to impair the Union's political stability. The significance of present events is to be sought rather in what may be expected to happen in four or five years' time.

The political conflict has been described in this article as a Hertzog-Malan conflict. So in essence it is. But there are of course other actors as well. Of General Smuts little has been said, since his task in bringing his party into fusion has been far simpler than that of General Hertzog, and in the struggle between the Prime Minister and Dr. Malan he has had no part. It is significant that South African party Ministers to-day are courteously received in Malanite strongholds, while their Nationalist colleagues are met with bitter opposition.

General Smuts, however, has not carried his whole party with him. A section, led by Colonel Stallard, has refused to go into fusion. It drew its inspiration in the first instance from opposition to the Status Act, and then from the clause in the principles of the "fusion" party which seemed to countenance republican propaganda.*

* The Round Table, No. 96, September 1934, pp. 900-1.

At present Colonel Stallard is engaged in launching the "Dominion Party of South Africa," which sets in the forefront of its programme "the maintenance of the British Empire as a united whole with common aims and interests and securing the Union's part therein with status as a Dominion of the British Crown," and opposition to "all movements to resolve the component parts of the Empire into sovereign independent States." The Status Act referred to South Africa as a sovereign independent State in terms of the definition of the 1926 Imperial Conference, to which it specifically referred. Colonel Stallard seeks to set the conception of Dominion status against that of sovereign independence. It is difficult to see how it can be hoped to make a great party develop on the basis of a lawyer's technicality, especially among English-speaking South Africans, who are far less politically minded than their Afrikaans-speaking fellows. It does not look as if the Dominion party were likely to become an important factor.

A sentence will suffice for each of the two remaining parties. Mr. Tielman Roos's Centre party, which really owes its origin to the tradition of loyalty to a leader as a basis of common political action, has received a nasty knock at a bye-election at Heilbron, and is no longer seriously accounted, while Mr. Roos himself would seem already to be looking out for a new political home. Labour, which fared even worse at the Heilbron bye-election, still finds it as difficult as ever to win the support of the Afrikaans-speaking worker, and remains politically impotent, until such time as a leader arises capable of welding it into an effective force.

These are, then, for the moment, but minor players on the stage. Dr. Malan is the Government's only really dangerous opponent, and it is the conflict between him and General Hertzog, waxing steadily in bitterness, that dominates the rest of the action.

Southern Africa: Old Scores Presented

II. The Mozambique Convention

NEGOTIATIONS are proceeding between the Union Government and the Government of Portugal for a revision of the Convention, into which they entered in 1928, for regulating the recruitment of native labourers in the Portuguese province by the gold-mining companies; the division of seaborne traffic to the Transvaal as between the port of Lourenço Marques and Union ports; and the interchange of products between the Union and the province of Mozambique.

The existing Convention*, signed in September 1928, was to be in force for a period of ten years, but either Government, five years after the date of signing, might call for a revision of its terms, and thereupon, in default of mutual agreement, the Convention should lapse six months after receipt of notice of termination. The Union Government having called for revision last year, negotiations between the representatives of the two Governments began last July in Lourenço Marques, and they are still proceeding.

The Convention of 1928 was the last of a long series of treaties and agreements going back to the early days of the South African Republic. The opening of railway communication between the port of Lourenço Marques and the mining areas of the Transvaal established a new and most important connection between the two countries. It gave to the Transvaal (the South African Republic as it then was) an outlet to the sea independent of the British ports of the Cape and Natal; and as the rail distance of Lourenço Marques from the centre of the mining area of the Transvaal is roughly 100 miles less than that from Durban—the nearest port in British territory—it put the Portuguese port and the Netherlands South Africa Railway

* See The Round Table, No. 72, September 1928, p. 883, and No. 73, December 1928, p. 210.

Company, which at that time owned and operated the Transvaal railways, into a strong position to compete with the ports and railways of the Cape and Natal.

After the annexation of the Transvaal by the British Government, while the Anglo-Boer war was still in progress, Lord Milner as High Commissioner for South Africa found it necessary to regulate the relations with the Mozambique Government. Accordingly, in December 1901, he entered into an agreement with the Governor-General of Mozambique for a *modus vivendi*, which provided that, pending the conclusion of an agreement relative to the province of Mozambique and the neighbouring British territories, the *status quo ante bellum* should be as far as possible re-established in relation to the Transvaal. It provided in particular for the continued recruiting of native labour for the Transvaal. The pre-war railway tariffs and classifications between Lourenço Marques and Johannesburg were to remain in force, and if any changes were made in the tariffs and classifications on the railways connecting the Cape and Natal ports with Johannesburg, corresponding changes should be made on the Lourenço Marques-Johannesburg line, so as to preserve the same relation between the tariffs as existed before the war.

The last mentioned provision gave rise to much dissatisfaction in the Cape and Natal, where it was urged that, as the Transvaal had now come under the British Government, it was unfair that the foreign port of Lourenço Marques, in competition with their ports for the very remunerative traffic to the mining areas, should continue to have the benefit of railway rates which had been fixed with the express object of assisting it in competition with them. But the paramount necessity which then existed for keeping open the Mozambique territory as a recruiting ground for native labour for the gold mines of the Transvaal prevented any substantial alteration of the terms, and the *modus vivendi* continued in force until April 1909, when it was replaced by a Convention between the then responsible

Government of the Transvaal and the Government of the province of Mozambique.

This Convention provided for the continuance of native labour recruiting under more elaborate regulation. As regards railway traffic it made a new departure. For export traffic from the Transvaal it provided that the through rates from stations in the competitive area to Lourenço Marques should not be higher than the rates from those stations to other ports. For seaborne traffic through Lourenço Marques to the competitive area the Convention provided that the rates should be so fixed and from time to time adjusted that the gross tonnage of such traffic through the port of Lourenço Marques should not be less than 50 per cent., or more than 55 per cent., of the total gross tonnage to that area by all routes combined. The competitive area was defined to include roughly the mining district of the Witwatersrand, with extension to Klerksdorp to the west and Vereeniging to the south. The Convention was to be in force for ten years and thereafter subject to twelve months' notice. It terminated in March 1923 on notice given by the Union Government, but provisional agreements between the Governments for the continuance of native labour recruiting and commercial intercourse kept matters practically *in statu quo* until the Convention of September 1928.

This—the existing Convention—made two important changes as regards native labour recruiting. It provided for an upward limit in the number of Portuguese natives who might be recruited for the Transvaal mines. At that date the mines were employing over 100,000 of these natives, and the Convention provided that the number should be gradually reduced during the five following years to a maximum of 80,000 in 1933. In actual fact the number of Portuguese natives employed by the mines has fallen considerably below this maximum. In spite of the large increase in the total number of natives employed owing to the expansion of the gold-mining industry, the

number of Portuguese natives employed when the negotiations for revision began was only about 56,000, out of a total native labour force of about 240,000. This low proportion has been due to the engagement of a much larger number of natives from the Union and from the native territories of Basutoland, Bechuanaland and Swaziland. The marked diminution in the number of Portuguese natives employed on the mines has undoubtedly affected adversely the economic condition of Mozambique.

The second change was a provision that, after the first nine months of service by any Portuguese native employed on the mines, one half of his wage was to be retained and paid to him on his return to Mozambique. The actual payments are made to the natives as they arrive in Mozambique by officials of the recruiting organisation of the Chamber of Mines.

As regards railway traffic the Convention practically took over the provisions of the 1909 Convention, fixing the share of seaborne traffic to the competitive area coming through the port of Lourenço Marques at 50 to 55 per cent. of the total. In practice, however, it has not been found possible to maintain that limit. Alterations in the tariffs affecting the railway to Lourenço Marques can only be made by agreement between the two Administrations, and in consequence it has not been found possible to keep the traffic coming through Lourenço Marques, which has risen to about 62 per cent. of the total, within the limits fixed by the Convention. It is mainly for this reason that a revision has been called for by the Union Government.

The negotiations have been protracted, and there is reason to believe that the adjustment of the railway traffic has been the most serious obstacle in the way of an agreement. The recruiting of native labour in Mozambique for the gold mines of the Witwatersrand is undoubtedly a matter of great importance to the Union, though the mines no longer look to the Portuguese province as their main source of supply. But it has become of almost equal

importance for the internal economy of the province itself. This shifting of the balance of importance in the matter of the labour supply has brought new considerations into the question of the railway and harbour traffic. In the *modus vivendi* of the Milner Government, and the agreements that followed it, up to and including the existing Convention of 1928, the paramount consideration on the side, first of the Transvaal and then of the Union, was that of securing an adequate supply of native labour for the mines. It was on that ground that it was possible to meet the objections of the people of the Union against the arbitrary allocation of so large a share of the seaborne traffic to the Portuguese port, in competition with the ports of the Union. In recent years large amounts of capital have been spent in improving the harbours of the Union and the main lines connecting them with the interior, and there is a natural demand that the effect of these in attracting traffic should not be neutralised by a fixed allocation to the Portuguese port. On the other hand, the business interests of Lourenço Marques have been built up, and are to a large extent dependent, on the through traffic of goods to the mining areas of the Transvaal; and the recruitment of native labour in Portuguese territory, while no longer of the same over-riding importance for the Union as it was in earlier times, is still a necessity for the gold mines.

It is in the interest of both sides that an agreement should be reached, and in that lies the main hope of a successful issue to the present negotiations. Not only are the economic interests of the two countries closely associated, but, though foreigners in relation to each other, they are in a sense partners in the development and civilisation of southern Africa. That this sense of partnership should be promoted, and a spirit of friendship and co-operation in a common task encouraged, is a consideration which should not be overlooked in a settlement of the trade and business rivalries that are the subject of negotiation to-day.

III. Constitutional Changes in South-West Africa

THE mandated territory of South-West Africa has probably suffered as severely from the economic depression as any country in the world. By nature it is a somewhat arid pastoral country with large tracts of waterless desert. Diamonds and base metals have collected a larger population and have justified more elaborate administrative machinery than the surface could support. After 1929 the diamond market collapsed and all production ceased; the prices of copper, lead, and tin fell to such an extent that practically all the mines closed down. Only the farmers remained to support the country, and they too have suffered from low prices. A bad drought last year was matched by floods in the summer; and now an invasion of foot and mouth disease is closing the Union market to the pastoral products of the territory.

Revenue has fallen to less than half the figure reached in 1929. Mining revenue is less than one-ninth of what it then was, and customs less than one-third. Though expenditure has been most drastically cut, establishments and services having been reduced, it is nevertheless only some 25 per cent. below the level for 1929. A deficit amounting to half the revenue collected has had to be met by a loan from the Union Government.

This situation is largely the result of bad finance in the days of prosperity. Up to 1927 the territory had no debt, and each year achieved a large surplus of revenue over expenditure. The surplus was used for public works and capital expenditure, much of which went to swell the funds of the land bank and to promote land settlement; and the interest earned on such loans formed a substantial item of revenue. About 1928 the policy was changed. An increased establishment swallowed up the surplus, and money for capital expenditure was borrowed from the

Union Government. The territory now owes the Union over £2,000,000, on which the annual charges for interest and redemption amount to over £145,000. This figure is equivalent to more than three-quarters of the deficit, and to nearly 25 per cent. of the total expenditure. In other words, but for these loans the administration would be nearly solvent; whereas now it is hopelessly bankrupt, and has almost reached a situation where the advances from the Union serve only to cover interest on the debt already owing to the lender.

Naturally this did not happen without public comment. The responsibility lay with the Union Government, which exercises all real power under the Constitution. The first impulse was to blame the Government and to demand a greater measure of autonomy. It was felt that the Union Government was not acting fairly in imposing its fiscal system on the territory. The customs tariff of the Union, which is avowedly framed to promote secondary industries, applies to South-West Africa. The latter is thereby compelled to pay inflated prices for all manufactured articles, and in addition to pay high freight charges from the Union. The prices of such articles as flour and sugar are enormously increased by the policy of the Union. Public opinion agreed that if given control of its own customs the territory could frame a tariff which would cover deficits and at the same time lower the cost of living.

In April 1932, accordingly, a resolution was passed by the Assembly asking for increased powers in terms of the South-West Africa Constitution Act of 1925, and also requesting that German be made an official language and that Germans should be naturalised in the territory on the same terms as Union nationals—that is to say, after six months' residence instead of after the five years' residence that applies to foreigners. This resolution was passed unanimously; indeed at that time the necessary two-thirds majority for such a resolution could not be obtained except by co-operation between the parties.

In terms of the constitution the executive government is

in the hands of an Administrator, assisted by an Executive Committee of four. The Committee is elected by the Assembly, which consists of 12 elected and six nominated members. Certain subjects are reserved from the jurisdiction of the Assembly, and the Administrator deals with these under the direction of the Union Government. In part, this provision was necessary to enable the Union to exercise the mandate from the League of Nations, but in part it was due to the intention to increase local autonomy progressively. The effect has been that local government in the territory is much more restricted than it is under the provincial councils of the Union. Extra powers of control over education, the land bank, crown lands and the police can be granted if they are demanded by a two-thirds majority of the Assembly.

The resolution of 1932 asked for more than could be given by the Union Government without the authority of Parliament. Before this could be obtained the situation in the Union was changed by the formation of a coalition Government and by the suspension of the gold standard.

Feeling in the territory also changed. The economic factor became subordinate to a deep cleavage of opinion on national lines. German nationalism seems to have been stimulated by events in Germany. Legislation was passed to prevent a fascist movement from acting in a violent or provocative manner.

At the same time the non-German section began to wish for incorporation in the Union as a fifth province. The departure of the Union from the gold standard established a large premium on gold, which so enriched the Union Government that it could subsidise the bankrupt Free State, and give enormous subsidies to farmers. If South-West Africa became a province, ran the argument, it could share in the benefits of the gold premium, while the Union would bear the greater part of the expenditure of the territory without regard to balancing it from local revenue.

Such an outcome would have been most distasteful to the German section, who wish to develop their national life locally, and who fear that they would be swamped if the territory became a province of the Union. Consequently, in May 1933, a further resolution was unanimously passed by the Assembly, asking that the resolution of the previous year should not be acted upon until differences of opinion were bridged.

The normal term of the Assembly is three years, but in view of the proposed constitutional changes this period has been twice extended by a year. A general election is now taking place and is arousing great interest. The United party, representing Union nationals, will undoubtedly secure a majority of the elective seats.* The question of interest, however, is whether they will secure enough seats to bring about the constitutional change that they advocate, namely, incorporation in the Union. The German party is not as strong as it was, partly by reason of the longer residence test for naturalisation, and partly because the Union section has received an accession of strength from the naturalisation of the Angola Boers, who were Portuguese subjects but who have now completed their period of five years' residence. The German party is therefore supporting a number of independent candidates, or candidates who belong to minor parties opposed to the United party.

It is very doubtful whether the Union Government would favour incorporation as a fifth province in the absence of an overwhelming demand for the change. It is unlikely, on the other hand, to extend self-government to a territory which is a bankrupt debtor and which might discriminate against Union trade.

South Africa.
October 22, 1934.

* With two results still to be declared, the United party held 8 out of 12 elective seats, and a further seat went to an Independent who will support the United party. Three nominated seats, of which it was assured, would thus give the party the required two-thirds majority

NEW ZEALAND: THE TARIFF AND THE BUDGET

I. The Tariff Commission

THE order of reference and the personnel of the Tariff Commission, appointed last year under the chairmanship of Dr. George Craig, C.M.G., Comptroller of Customs, were recorded in a recent number of The Round Table,* in which it was pointed out that, as the last general revisions of the tariff had taken place in 1921 and 1927, the inquiry under the Ottawa Agreement was being given the widest possible extension. Appointed on May 9, 1933, the Commission sat almost continuously from June 7 to November 9, held occasional sittings up to March 1, 1934, and sent in its report on March 29. But publication was necessarily delayed until after the opening of Parliament on June 28. Though it has not been treated with any very great respect by Parliament itself, the report is a remarkably able, lucid and comprehensive document, which—apart altogether from the fiscal problem—should prove of permanent value as a storehouse of information on the industrial and economic conditions of New Zealand.

Two of the general principles laid down by the Commission at the outset are that "a sound customs tariff should embody a long-range and long-period policy, and cannot properly be framed to meet temporary fluctuating economic conjunctures," and that "a tariff should be formed on the assumption and for the conditions of

* See The Round Table, No. 92, September 1933, pp. 934 *et seq.*

economic stability." It followed, of course, that in the opinion of the Commission neither the absorption of a swollen margin of unemployment nor the countering of currency instability was a legitimate function of tariff policy. The Commission described the principal objective of our past tariff policy as having been "the collection of revenue, moderate protection to local industries, preferential treatment to goods of British Empire origin, and, more recently, most-favoured-nation treatment in the case of certain foreign countries." It was not suggested that this policy had ever been in any conflict with either of the principles above mentioned. The second principle, however, foreshadowed the decision of the Commission on an important point which had been the subject of a ruling at its first sitting.

This ruling was that the terms of reference covered the relation of the tariff to the rates of exchange between New Zealand and other countries—a subject which was then exciting a good deal more interest than the tariff itself. But in accordance with the opinions quoted above regarding the proper functions of a tariff the Commission had no recommendation to make on this point. They declared themselves opposed to the variation of tariff rates for the purpose of offsetting the protective effect of a depreciating or depreciated currency, either by means of a sliding scale in correspondence with the degree of currency depreciation, or in any other manner.

It seems to us (says the report) unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. When and to the extent that the depreciation has worked itself out and produced all its effects, and prices are adjusted to the new currency levels, then the exchange would no longer operate as a protective factor. . . . Any tariff compensation would be arbitrary in character, or at all events devoid of a statistical basis. Our opinion is that within a comparatively short period the depreciating process produces the major range of its effects. If this is so, then a reduction in our tariff rates by a

given percentage to compensate for the raising of the exchange would do serious injustice to our manufacturers and would remove some, if not all, of the protection which they are intended to enjoy under the existing tariff.

Regarding the interpretation of the Ottawa Agreement the Commissioners had no difficulty in giving to Article 7 its commonly accepted meaning, *viz.*, that New Zealand must impose no duties for protective purposes on British goods unless the industries so favoured have a reasonable prospect of success. They admitted that in Article 8 the undertaking to "place the United Kingdom producer in the position of a domestic competitor" was one to which it would be obviously "a physical and economic impossibility to give literal effect." But, believing that an agreement of this kind should receive "that large and generous interpretation which was presumably intended by its signatories," they held that the Dominion's obligation under Article 8 was to "impose a tariff intended to equalise costs of production as between home producers and United Kingdom producers."

The Government's complete approval, both of the principle of interpretation and of the Commission's application of it, was announced by the Minister of Customs, Mr. J. G. Coates, when moving the customs resolutions in the House of Representatives on July 10. In expressing his concurrence Mr. Downie Stewart (who as Finance Minister and Minister of Customs was Mr. Coates's colleague on the Ottawa delegation) threw an interesting side-light on the origin of the clause. Speaking on the second reading of the Customs Amendment Bill on August 22, Mr. Stewart said:—

No change of policy was involved so far as New Zealand was concerned. When British Ministers at Ottawa had asked if New Zealand would be prepared to give British manufacturers a reasonable chance to compete with the New Zealand manufacturer, he had stated at once that that had been the policy of New Zealand for many years past. New Zealand had a tariff that enabled its manufacturers to hold their share of the market, and to increase their

hold on it as they became more efficient, but they were not protected from all competition. . . . Both Australia and Canada seemed to have interpreted "reasonable" protection as meaning a protection that absolutely safeguarded the market for Canadian and Australian manufacturers.

The Tariff Commission wisely declined "to deal on an academic basis with the general problem of free trade or protection." They considered that our tariff policy, its continuance or modification, is a matter for the legislature and the people. "Perhaps the strongest practical argument for a protective tariff is that it exists and has created a situation that must be met"; the practical problem is "how high the tariff shall be, and on what commodities, and by virtue of what principles it shall be levied." Assuming moderate protection to be the country's policy—an assumption which the uninterrupted acquiescence of some 50 years surely justifies—they added:—

It is difficult to see, apart from the equalisation of costs principle, any alternative basis for a tariff beyond sectional pressure brought to bear on the legislative body—

a shrewd thrust at the practical side of tariff-making which was to be abundantly illustrated at the expense of the Commission's recommendations before Mr. Coates had got his new tariff through.

In his statement of July 10 the Minister of Customs expressed the Government's general acceptance of the Commission's report, and its opinion that only on the clearest and most substantial ground should there be any departure from the letter of the recommendations. The four principal points on which the Government differed from the Commission related to the import duties on wheat and flour, timber, tobacco and motor vehicles. In the last two cases the claims of local industry provided the Government with substantial grounds for its dissent, but not in the other two.

Special stress was laid by the Minister on the importance of the customs tariff in the collection of revenue. About

38 per cent. of the whole proceeds of taxation came from this source last year. Most of the revenue duties, he said, were being retained at their present level, but where they were adversely affecting trade they would be reduced in the hope of increasing the revenue. The net effect of all the changes proposed was expected to be an addition of about £90,000 to the revenue.

The New Zealand customs tariff, said the Minister, included 449 items, some 344 of which neither the Commission nor the Government proposed to disturb. In one way or another the remaining 105 items were brought under consideration, and on no less than 35 of these, it may be added, the Government had changed its mind before the confirming Bill was introduced on August 21. The bombardment to which the Minister had been subjected during the interval confirmed the wisdom of the Commissioners' remark about the vital importance of "sectional pressure." Regarding most of these amended items, at any rate, it was the Government's susceptibility to pressure and not its superior knowledge of world conditions that chiefly distinguished it from the Commissioners. In the following summary of the Minister's analysis of the original proposals, in so far as they affect the British preferential tariff, the ultimate form of any amended proposal is, where possible, indicated in a parenthesis. Motor car bodies, which were at first put on the free list, have been omitted from the first paragraph as they were afterwards taxed in a general clause.

Protective duties have been abolished on* :—

Certain stock foods; electric cooking and heating appliances (20 per cent.; the general tariff rate has also been increased by 15 per cent. *ad val.*); nails, not elsewhere included (postponed till November 1, 1936); iron and steel pipes and fittings therefor; linseed oil and white lead in oil (postponed till November 1, 1936); wireless receiving sets (built up but not mounted in cabinets,

* British crockery, including breakfast, dinner and tea sets, and cups, saucers, plates, dishes and similar articles for table use, was added to the free list when the Bill was in committee.

free; mounted in cabinets—till May 31, 1935, 10 per cent.; thereafter free).

In the following cases the protection has been reduced :—

Reductions from 25 per cent. to 20 per cent. :—

Preserved and dried milk; soap; hats, caps and millinery; boots and shoes; leather manufactures; glass bottles (free); stationery and paper, manufactured; oil engines; galvanised iron manufactures, metal office furniture, etc.

Reductions from 25 per cent. to 15 per cent. :—

Tinware (up to and including October 31, 1934, 25 per cent.; on and after November 1, 1934, 20 per cent.); furniture and upholstery (postponed to June 1, 1935).

Reductions from 20 per cent. to 15 per cent. :—

Paints and varnishes; biscuits (postponed to June 1, 1935).

Reductions from 20 per cent. to 10 per cent :—

Baking powder; metal and stove polishes; leather dressings and polishes (these three postponed till November 1, 1934); plaster pulp sheets.

Miscellaneous reductions :—

Wooden doors: From 30 per cent. or 4s. per door to 25 per cent. (25 per cent. or 4s. per door, whichever is the higher).

Confectionery and chocolate: From 27½ per cent. to 20 per cent. (25 per cent).

Apparel: From 27½ per cent. to 25 per cent. or 20 per cent. according to kind.

Whole maize: From 2s. per cental to 1s. 6d. per cental.

Jams, jellies and preserves: From 2d. per lb. to 1d. per lb. (2d per lb.).

Vinegar: From 6d. per gal. to 3d. per gal.

Cement: From 1s. per cwt. to 8d. per cwt.

Matches, wax and wooden: From 1s. per gross of boxes to 9d. per gross, with corresponding reductions for larger containers (postponed till November 1, 1934).

The following reductions have been made in revenue duties :—

Reductions from 25 per cent. to 20 per cent. :—

Carpets; fancy goods, sporting requisites, jewellery and plated ware; tobacco pipes, pouches, cigarette holders and cases

Other reductions :—

Toilet preparations: From 35 per cent. to 25 per cent.

Pianos and other musical instruments: From 20 per cent. to 10 per cent. (free).

Engines for tractors: From 10 per cent. to free.
Cigarettes: From 33s. 9d. per thousand to 25s. 6d. per thousand (postponed to November 1, 1934).

In the following cases the protective duties have been increased:—

Ground or crushed maize: From free to 2s. per cental.
Porcelain enamelled cast iron baths: From 20 per cent. to 25 per cent.
Gas meters: From free to 10 per cent.

The two most important items in the amended proposals which the Minister submitted to the House in the Customs Amendment Bill on August 21 were tobacco and motor vehicles. Tobacco, as he said, is essentially a revenue item, having brought in more than £1,000,000 to the Treasury in 1933. The Commission had drawn attention to the relatively large loss of revenue arising from the protection normally granted on leaf tobacco to the grower, and the Government agreed that it was too high. They accordingly proposed to reduce the duty from 2s. 6d. to 1s. 6d. per lb., and to safeguard the revenue by adding an equivalent amount to the excise duties. Strong representations, however, from what has lately become a prosperous industry caused this proposal to be abandoned, and the duty on leaf tobacco has been fixed at 2s. per pound when used in the manufacture of tobacco, cigars, or snuff, and at 3s. per pound when used in the manufacture of cigarettes. The excise duties have been adjusted accordingly. The duty on cigarette papers has been reduced from 1½d. to ½d. per packet of 60 papers under the British preferential tariff and from 1½d. to ¾d. under the general tariff.

The importance of the motor vehicle from the standpoint both of the revenue and of imperial trade was emphasized by the Minister in his statement. It is a class of manufacture to which we give a special degree of preference, 10 per cent. under the British preferential tariff and 40 per cent. under the general tariff being the normal rates

fixed by the Customs Act of 1930; and this encouragement must have contributed materially to the remarkable development of Great Britain's share in the trade in recent years. Of the number of motor vehicles entering this country during the last five years the proportion coming from Great Britain was: in 1929, 15 per cent.; in 1930, 21 per cent.; in 1931, 65 per cent.; in 1932, 83 per cent.; in 1933, 75 per cent. The Commission was of opinion that the assembly of cars was an industry suited to the conditions of the Dominion, but that it could be carried on economically without special protection. Later information convinced the Government that some tariff protection would be necessary, and accordingly it proposed that completely knocked down cars should be admitted at cheaper rates than those on cars completely set up. As finally passed the new clause is as follows :—

Motor vehicles not elsewhere included.

	British Preferential Tariff (*per cent. ad valorem*).	General Tariff (*per cent. ad valorem*).
(*a*) Motor vehicles unassembled or completely knocked down :—		
Up to December 31, 1934 ..	10	55
Thereafter	5	50
(*b*) Chassis for electrically propelled vehicles of types and under conditions approved by the Minister	Free	20
(*c*) Other kinds :—		
Up to December 31, 1934 ..	10	55
Thereafter	15	60

The Tariff Commission had certainly been generous in its interpretation of New Zealand's obligations under the Ottawa Agreement, and though the Government's original proposals were less liberal and their later decision departed still further from the Commission's recommendations, the general feeling was one of satisfaction that the Government

ren our friends in Great Britain a fair deal. In the both the Commission and the Government were ed to some severe criticism, but the bulk of it came opposite extremes, which fairly neutralised one r. With its eye focussed on urban industry and iate results, the Labour Opposition, under Mr. Savage, denounced the original proposals as " deng " and even as " throwing the secondary industries wolves," and strongly emphasized the fact that lia, with a tariff about twice as high as New Zealand's, ide no such drastic changes. Possessed of the simple which was expressed—on behalf, not of the Govern- but of many farmers—in the Prime Minister's ram of October 25, 1933, and mistaken by sections British press for a " New Zealand offer," Mr. Polson, ent of the New Zealand Farmers' Union, declared ie Commissioners had been " obsessed with a desire ntain a protectionist policy in this country, and the a Agreement was of secondary importance in their

the extreme neither of protection nor of free trade he Government any serious trouble. The voice of nsumer, ably represented by Mr. C. A. Wilkinson, endent member for Egmont, was still less heeded. m. on September 26 Mr. Coates got his Bill through ouse, thus completing what is perhaps the most is task that ever falls to a New Zealand Minister, onsiderably strengthening the parliamentary reputa- iat he established last year.

II. The Budget

IE financial statement brought down by the Minister f Finance, Mr. J. G. Coates, on August 23 had the merits of brevity, clearness and cheerfulness. The acy of the revenue, the general improvement in the

prices of our exports (to which, however, dairy produce continues to be a disastrous exception), and the good season that the farming industry generally had experienced, were some of the happy symptoms mentioned by the Minister. To show that the improvement was not confined to the country districts he referred to the statistics of unemployment. March had passed without the usual seasonal rise in the number of the unemployed, and the total number had declined to a lower figure than at any time since March 31, 1932. As the Unemployment Board has since reported,

> The total number of men either wholly or partly a charge on the Unemployment Fund at the end of June, 1934, is 8,890 fewer than at the end of June, 1933, and this in spite of the fact that the peak figure of approximately 75,000 receiving assistance from the Fund occurred between these two dates.

With the increase in the world prices of a considerable part of our exports Mr. Coates coupled the raising of the exchange rate as having "substantially bridged the serious gap between costs and market prices for a great many of our farmers."

> Since 1932 the export price indices show an average rise of 20 per cent. (he said). On the other hand, prices internally have remained remarkably stable, the index for wholesale prices showing an increase of 3 per cent. and retail prices a decrease of 3 per cent. In fact, since the raising of the London-New Zealand exchange rate retail prices have been stabilised, not increased. This is borne out by the tables issued by the government statistician showing that, in January and February, 1933, the New Zealand retail price index stood at 26 per cent. and 27 per cent. above July, 1914. Despite the imposition of the sales tax and the increased exchange rate, this increase above the July, 1914, level remained at 26 per cent. and 27 per cent. throughout the year 1933.

Although Mr. Coates's last budget was brought down on November 9, 1933, which was three months later than usual and left little more than three months of the financial year to run, his estimates were exceptionally wide of the mark. But as the depreciation of the exchange and the

increased taxation had introduced into an already uncertain position two new and not easily calculable factors, and the error had been on the right side, the caviller had nothing to say. Under every heading the taxation revenue showed a great advance upon the estimate, the total being £872,000 above the estimate and £2,337,000 better than last year's figure. The chief contributors to the improvement on the estimates were customs, with £285,000, and income-tax, with £261,000. The sales tax, a new tax imposed for the purposes of the exchange policy, was the main cause of the big advance on last year's figures, its yield of £1,847,000 being also £97,000 above the estimate.

The Minister had budgeted for a revenue of £22,363,000 and an expenditure of £24,457,000, which would have meant a deficit of £2,094,000. But the realisation of a revenue of £23,493,000, against an expenditure of £24,202,000, reduced his deficit to £709,000. His expectation of a general agreement that the result would be accepted as " a satisfactory outcome of a very difficult year " has not been disappointed.

The Minister expressed himself sufficiently satisfied with the outlook to refrain from any increase of taxation, although he could not propose any reductions. He estimated that the principal items of taxation, the interest receipts, and certain other sources of revenue would continue the marked improvement already recorded, and would show an aggregate net increase of £2,460,000. A smaller but fairly uniform improvement was expected in the other sources of revenue, and reserves were to be drawn upon to the extent of £300,000. In this proposal the Minister was following the uniform practice of these lean years, but compared with the £2,500,000 and £2,000,000 levied in this way in the two previous years the amount was moderate. At the same time he was more spirited than his predecessors in defending this use of the reserves as intended for " such times as we have experienced in the last four years."

On the other side of the account the largest decrease and the largest increase are equally matters for congratulation. The largest of the decreases was a saving of £620,000 in the cost of debt services, chiefly due to the debt conversion operations, of which the country gets the full benefit this year for the first time, and to a saving in interest on treasury bills. The largest of the increases was caused by the addition of £316,000 to the expenditure on defence, which is discussed under another heading. The increase of £119,000 in the estimated cost of social services was almost all occasioned by what the Minister calls the "normal increase of £100,000 in pensions." A reduction of £492,000 in the cost of exchange was another big item on the right side. The final result was that the estimated expenditure for the year was £23,605,000, which was £597,000 short of last year's expenditure and £647,000 short of the estimated revenue.

In view of this fact and of the definite indications that the position was steadily improving, Mr. Coates said that the Government felt itself justified in granting a 5 per cent. increase in salaries and wages as from April 1 to all public servants and others charged on the budget who have suffered both the first and the second cuts. So far as the lower-paid officers were concerned, this would be almost equivalent to a restoration of the second cut. After allowing for a set-off on the tax-side, the net cost to the budget would be approximately £205,000. It was also proposed that old age pensions, which had been reduced by 10 per cent. in 1932, should be increased by 5 per cent. as from October 1,* at a cost of £34,000. The only relief given to the taxpayer was the reduction of the unemployment tax on incomes from 1s. to 10d. in the pound, as from October 1. The easing of a form of taxation, which the Minister is doubtless right in regarding as bearing more heavily on the community than any other, was based

* This increase was afterwards made to date back, like the other, to April 1.

on the surplus of £1,000,000 with which the Unemployment Board closed the financial year, and was expected to cost £500,000 during the current year. But as the finances of the Board were divorced from the Consolidated Fund in 1932–33 the concession did not affect the budget.

Somewhat abridged, the Finance Minister's summaries of the estimates for 1934–35 were as follows:—

Revenue.	£
Taxation	19,305,000
Interest receipts	2,885,000
Other receipts	1,762,000
From reserves	300,000
	£24,252,000

Expenditure.	£	£
Debt services	9,777,000	
Exchange	1,305,000	
Transfer of highways revenue.. ..	1,362,000	
Other permanent appropriations .	409,000	
Annual votes—		
Social services	6,961,000	
Other votes	3,791,000	
Total		23,605,000
Additional superannuation subsidies..		200,000
Increase in salaries and wages		205,000
Increase in old age pensions		34,000
Other supplementary estimates		200,000
		£24,244,000

Though the surplus of £8,000 thus disclosed was small, it was a pleasant change after the deficits of recent years, and few were disposed to cavil at the fact that, without the raid upon the reserves, not to mention Great Britain's suspension of the war debt payment, there would have been a deficit again.

By far the most searching criticism of the budget was contained in the speech delivered by Mr. W. Downie Stewart in the course of the budget debate on September 7. Mr.

Stewart, who was formerly Minister of Finance in the Coalition Government, resigned at the beginning of last year owing to his inability to concur in the high exchange policy of his colleagues, but he still sits on the Government side of the House and is generally regarded as its highest financial authority. In some respects, he said, it seemed "as if prosperity had come back to the budget before it had come back to the people," and he argued that the figures were to a large extent illusory. They showed that the revenue derived from taxation during the year was greater by £1,454,000 than that of the preceding year.

To this increased revenue, Mr. Stewart continued, customs had contributed £353,000 more than in the previous year, but the reason was that when the exchange rate was raised new duties had been imposed on motor spirits, tobacco and sugar, and also on the export of gold. These increased duties were calculated to yield about £1,000,000, which meant that without them customs would have shown a heavy drop. Income tax had fallen by £596,000 and stamp and death duties by £286,000, while land tax merely held its own. There were gains and losses among other heads of taxation, but the sales tax, which was entirely new, yielded £1,847,000, and it was to this and the increased customs duties that the improved results shown by the budget were due.

> In other words (said Mr. Stewart) up to March last there was no real resiliency or buoyancy in the public finance, and the mainsprings of taxation were actually yielding less than in the previous year.

Nevertheless, Mr. Stewart was satisfied that the present prospects were much more reassuring, because without any new taxation the estimates of revenue showed substantial prospective increases in practically all items. In view of the large increase of imports he was himself inclined to believe that the estimated increase of £1,114,000 in the customs revenue was a conservative one. It was also clear that had it not been fo the extra taxation necessitated by the raising of the exchange rate the budget would

not only have been balanced, but would have shown a substantial surplus. This would have warranted the granting at an earlier date of the concessions now being made, and also a substantial reduction of taxation in the present year.

After reviewing the successive increases of taxation whereby, since the Prime Minister was first confronted with a prospective deficit of £3,000,000 in 1930–31, an addition of about £12,000,000 had been made to the revenue, Mr. Stewart said that this represented an increase of nearly two-thirds of the taxpayer's burden as it stood before the depression. This fact, combined with the general fall in incomes, part of it statutory, forced him to the conclusion that before long a complete overhaul of our direct taxation would be necessary in order to determine whether the burden was being fairly distributed, or whether the system was not arbitrary, capricious and calculated to defeat itself by discouraging the expansion of enterprise. In 1929–30 the commercial community had contributed 66 per cent. of the whole income-tax revenue. Since then their burdens had been increased by a sales tax, a 30 per cent. super-tax on taxable income, a further special tax of 4d. in the pound on assessable incomes in excess of £500, and the raising of the exchange rate. The inquiry he had suggested was therefore in his opinion a matter of some urgency.

III. Defence

UNDER the combined influences of straitened finance and dependence on the Labour party the Forbes Government in 1930 struck a grievous blow at our defence system. It effected a saving of nearly 60 per cent. in our military expenditure, by formally suspending but virtually destroying the compulsory training system, which had rendered us excellent service for twenty years. The appropriation for defence, which stood at £492,000 in

1929–30, had fallen to £215,000 in 1931–32. It is to the credit of the National Expenditure Commission that it was the only public authority which in the depth of the depression showed any serious concern about the matter, and that, although its function was to recommend reductions in expenditure, it was compelled to point out that here economy had been carried too far. In its principal report, dated July 1, 1932, the Commission supplied a comparative table of the cost of land and air defence in Great Britain and some of the Dominions.

	Estimates.	Per head.		
	£	£	s.	d.
Great Britain, 1931–32	58,030,000	1	8	5
South Africa, 1929–30 . ..	866,000	0	9	9
Canada, 1929–30	3,305,000	0	6	9
Australia, 1931–32	1,777,000	0	5	6
New Zealand, 1931–32	215,000	0	2	10

New Zealand, which was once near the top of the list, was now at the very bottom. The Commission recommended that as soon as finances permitted the whole position should be reviewed, "as it is a *sine qua non* that all parts of the Empire should contribute adequately and proportionately to the general scheme of Empire defence." In his financial statement last year Mr. Coates referred with approval to the National Expenditure Commission's recommendation, and said that some additional expenditure on defence could no longer be postponed if the country was to be enabled "to play a worthy part in its own defence and to co-operate to any extent in the general scheme of Imperial defence." The Government had accordingly resolved upon measures which would eventually have the effect of substantially strengthening the defences of the Dominion. There were some slight increases in last year's estimates, and this year more substantial advances bring the naval defence vote up to £453,000 and the defence vote up to £525,000—figures which certainly compare very favourably with the votes of £394,000 and £215,000 in 1931–32.

'he object of the increase in the defence vote was lained by the Finance Minister as "chiefly far more to-date coast defences and aircraft." Speaking in the get debate on September 12 the Minister of Defence, J. G. Cobbe, gave some further particulars. The sures for the protection of the coast-line were to ude long-range guns of the latest design, anti-aircraft s and torpedo-carrying aircraft. A considerably in-sed amount had been allocated to civil aviation, as it ıld supply trained men for the military branch if the essity ever arose. It was also proposed to strengthen liaison with Australia, the first step being the re-ıption of the training of officer candidates for the New land permanent forces at the Royal Military College, ney; and an air officer would be sent to England for cial training.

Ir. Cobbe, who spoke with a vigour that recalled the it of New Zealand's pre-depression, if not pre-war, era, heard with special interest because he was the Minister Defence who superintended the scrapping of our ning system in 1931. The fierce denunciation of the ıister's "fire-eating sentiments" from the Labour ches also recalled the militant pacifism of the Labour y's free-lance period, when it had neither experienced contemplated the responsibilities of Opposition. side the ranks of Labour there is little dissent from the gramme of the Government, but there is still a de-able indifference to almost every issue except those ıted by the depression, and the public badly needs cating to a sense of the risks and responsibilities of the st phase of the post-war world. Unofficially as well officially Sir Maurice Hankey's admirably timed visit kely to render us a very valuable service.

Iew Zealand.
October 1, 1934.

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